

President Chain Store Corporation  
Financial Statement & Independent Auditor's Report  
1<sup>st</sup> Quarter of 2007 and 2006  
(Stock Code 2912)

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President Chain Store Corporation  
Financial Statements for 1<sup>st</sup> Quarter of 2007 and 2006  
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## Independent Auditor's Report

(96) Tsai-Shen-Bao-Zhi No. 07000061

To: President Chain Store Corporation

We have audited the President Chain Store Corporation's balance sheets prepared on March 31, 2007 and 2006, the income statements, statements of change in shareholders' equity and statements of cash flow covering the period of January 1 to March 31, 2007 and 2006. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our review.

We conducted our review in accordance with the Auditing Standards Communiqué No. 36, "Financial Statements Review", except for the events disclosed in the following paragraph. We have only performed analysis, comparison, and query and have not conducted our audit in accordance with generally accepted auditing standards. Therefore, we are unable to form an opinion on the financial statements referred to in the preceding paragraph.

Note IX (5) in the section of Notes on Financial Statements indicated that President Chain Store Corporation has balances of investment in long-term equity evaluated under the Equity Method for the periods of March 31, 2007 and 2006, which were stated at NT\$6,520,474,000 and NT\$5,588,637,000. The Company also has balances of accumulated conversion adjustment on the debit side of the accounts amounting to NT\$6,956,000 and NT\$(531,000) as of March 31, 2007 and 2006, respectively. As of January 1 to March 31, 2007 and 2006, the related investment income was NT\$81,870,000 and NT\$69,597,000. The aforementioned financial information and related information on investees was disclosed in Note XI, and is based on the unaudited financial statements of relevant investees covering the same period.

Except for some of the financial statements of the company, which was invested in, that may have caused minor adjustments to the financial statements afterward they were audited by a CPA, the financial statements referred to in the preceding paragraph fairly conform with the Guidelines Governing the Preparation of Financial Reports By Securities Issuers, Business Accounting Law, Business Accounting Guidelines and accounting principles generally accepted in the Republic of China.

Pricewaterhouse Coopers

CPA

Lin Tung-Chiao, CPA

Chen Mei-Tzu, CPA

Approval Document issued by  
the Securities and Futures  
Commission (now Securities  
and Futures Bureau) of the  
Ministry of Finance:

(81) Tai-Tsai-Cheng (VI) No. 79059

(82) Tai-Tsai-Cheng (VI) No. 39230

April 26, 2007

President Chain Store Corporation  
Balance Sheet  
March 31, 2007 & 2006

Currency expression: NTD 1,000

(Financial statements are reviewed but not audited according to generally accepted auditing standards)

	March 31, 2007		March 31, 2006		March 31, 2007		March 31, 2006							
	Amount	%	Amount	%	Amount	%	Amount	%						
<b>Assets</b>					<b>Liabilities and Shareholders' Equity</b>									
<b>Current Assets</b>					<b>Current liability</b>									
Cash and cash equivalence (Note IV (1))	\$	2,389,577	7	\$	1,320,916	4	\$	593,735	2	\$	564,552	2		
Financial assets, which change in fair values, are recognized as gains or losses—current		40,956	-		81,370	-		900,913	2		453,115	1		
Investments in bonds with no public quotations—current		20,000	-		40,000	-		282,714	1		294,768	1		
Net accounts receivable		333,108	1		312,438	1		5,677,845	16		4,728,530	14		
Other accounts receivable (Note V)		368,676	1		329,045	1		922,670	2		798,889	2		
Inventories (Note IV (2))		2,976,574	8		2,706,668	8		1,447,489	4		1,548,586	5		
Non current assets that are available for sale (Note I)		241,668	1		-	-		4,565,477	13		3,245,790	10		
Other current assets (Notes IV (12), V and VII)		1,068,007	3		929,890	3		1,027,837	3		864,329	2		
Total current assets		7,438,566	21		5,720,327	17		200,000	-		900,000	3		
<b>Funds and investments</b>					<b>Long-term liability</b>									
Financial assets that are available for sale—non current (Note IV (3))		501,520	1		395,937	1		15,618,680	43		13,398,559	40		
Financial assets measured at cost—Non current (Note IV (4))		12,139,603	34		11,970,282	36		Derivative financial liabilities for hedging—non current (Note X)			15,101	-	24,777	-
Bond portfolios with no active market—non current		-	-		20,000	-		Corporate bonds (Note IV (10))			1,100,000	3	1,300,000	4
Long-term investments (Equity method) (Note IV(5))		6,520,474	18		5,588,637	17		Long-term debt			400,000	1	500,000	2
Total funds and investments		19,161,597	53		17,974,856	54		Total long-term liabilities			1,515,101	4	1,824,777	6
<b>Fixed assets</b>					<b>Other liability</b>									
<b>Costs</b>					<b>Accrued pension liabilities</b>									
Lands		1,534,726	4		1,538,232	5		359,451	1		358,790	1		
Building		934,307	3		931,193	3		Guarantee deposit received			1,620,867	5	1,419,744	4
Machinery and equipment		8,935,205	25		8,107,691	24		Total other liabilities			1,980,318	6	1,778,534	5
Lease improvement		4,049,643	11		3,583,498	11		Total liabilities			19,114,099	53	17,001,870	51
Other equipment		12,785	-		13,411	-		<b>Shareholders' Equity</b>						
Cost and revaluation		15,466,666	43		14,174,025	43		Capital (Note IV (13))						
Less: accumulated depreciation (Note IV (6))	(	8,437,170)	(23)	(	7,389,343)	(22)		Paid-in Capital			9,151,604	26	9,151,604	28
Construction in process and prepayment for equipment		747	-		-	-		Retained earnings (Note IV (14))			2,543,649	7	2,178,381	7
Net fixed assets		7,030,243	20		6,784,682	21		Legal reserve			531	-	55,758	-
<b>Other assets</b>					<b>Unassigned retained earnings</b>									
Assets leased to others (Note IV (7))		997,031	3		1,011,411	3		4,790,370	13		4,454,405	13		
Idle Assets		320,572	1		324,341	1		Other adjustment in SH's equity						
Refundable deposit (Note VII)		954,002	2		1,013,552	3		Unrealized revaluation gains (Notes III and X)			345,886	1	230,626	1
Other assets—other		51,084	-		242,944	1		Cumulative translation adjustment			6,956	-	(531)	-
Total other assets		2,322,689	6		2,592,248	8		Total shareholders' equity			16,838,996	47	16,070,243	49
<b>Total Assets</b>	\$	35,953,095	10	\$	33,072,113	100		<b>Undertakings or contingent liabilities (Notes V and VII)</b>						
								Total liabilities and shareholders' equity	\$	35,953,095	100	\$	33,072,113	100

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated April 26, 2007

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation  
Income Statements  
For the period ended March 31, 2007 and 2006

Currency expression: NTD 1,000  
(EPS: NT\$)

(Financial statements are reviewed but not audited according to generally accepted auditing standards)

	January 1 to March 31, 2007		January 1 to March 31, 2006	
	Amount	%	Amount	%
Operating revenue				
4110 Net sales	\$ 23,780,229	97	\$ 21,840,983	96
4800 Other operating revenue (Note V)	850,743	3	796,102	4
4000 Total operating revenue	24,630,972	100	22,637,085	100
Operating cost (Note V)				
5110 Cost of goods sold	( 17,489,025)	(71)	( 16,013,179)	(71)
5910 Gross Profit	7,141,947	29	6,623,906	29
Operating expenses (Notes IV (16) and V)				
6100 Selling expenses	( 5,737,639)	(23)	( 5,177,740)	(23)
6200 General and administration exp.	( 525,888)	(2)	( 708,851)	(3)
6000 Total operating expenses	( 6,263,527)	(25)	( 5,886,591)	(26)
6900 Operating income	878,420	4	737,315	3
Non-operating incomes				
7310 Gain on valuation of financial assets	-	-	1,049	-
7121 ROI under equity method (Note IV (5))	81,870	-	69,579	-
7140 Gains on disposal of investment	-	-	20,083	-
7480 Miscellaneous incomes (Note V)	212,022	1	128,779	1
7100 Total non-operating income	293,892	1	219,490	1
Non-operating expenses				
7510 Interest expenses	( 16,645)	-	( 20,213)	-
7640 Lost value of financial assets	( 4,134)	-	-	-
7570 Allowance for reduction of inventory to market	-	-	( 34,707)	-
7630 Impairment	-	-	( 23,648)	-
7880 Other expenses	( 17,354)	-	( 27,857)	-
7500 Total non-operating expenses	( 38,133)	-	( 106,425)	-
7900 Income before tax	1,134,179	5	850,380	4
8110 Income Tax (Note IV (12))	( 265,052)	(1)	( 184,261)	(1)
8900 Earnings of continued operations	869,127	4	666,119	3
9300 Accumulated effects from changes in accounting principles (Note III)	-	-	373	-
9600 Net Income After Tax	\$ 869,127	4	\$ 666,492	3
	pre-tax	after tax	pre-tax	after tax
Basic EPS (Note IV (15))				
9750 Net income	\$ 1.24	\$ 0.95	\$ 0.93	\$ 0.73

The accompanying notes constituted an integral part of the financial statements,  
Please refer to the report of independent accountants dated April 26,2007

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation  
Statement of Cash Flow  
For the period ended March 31, 2007 and 2006

Currency expression: NTD 1,000

(Financial statements are reviewed but not audited according to generally accepted auditing standards)

	January 1 to March 31, 2007	January 1 to March 31, 2006
<u>Cash flows from operating activities</u>		
Net income	\$ 869,127	\$ 666,492
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on valuation of financial assets	4,134	( 1,049)
Increase (or decrease) of allowance for reduction of inventory to market	( 9,435)	34,707
Depreciation	423,943	415,839
Amortizations	26,068	97,412
Financial assets measured at cost- impairment losses	-	23,648
Recognized return on long-term investments under equity method	( 81,870)	( 69,579)
Disposal gain on long-term investment under equity method	-	( 52,380)
Loss on disposal of fixed assets	5,525	17,055
Depreciation expense of leasing assets and idling assets	3,543	3,562
Changes in assets and liabilities		
Net accounts receivable	( 31,536)	69,824
Other accounts receivable	58,659	60,824
Inventories	( 86,357)	14,091
Other current assets	( 187,212)	( 112,232)
Deferred income tax assets	3,074	( 8,206)
Note payable	( 492,646)	( 70,468)
Notes payable – related party	( 556,822)	( 421,540)
Accounts payable	776,447	590,484
Income taxes payable	260,446	191,046
Accrued expenses	( 974,479)	( 506,703)
Other accounts payable	( 67,679)	( 464,597)
Advance receipts	4,691	18,724
Accrued pension liabilities	971	( 962)
Net cash provided by operating activities	( 51,408)	495,992

(Continue)

President Chain Store Corporation  
Statement of Cash Flow  
For the period ended March 31, 2007 and 2006

Currency expression: NTD 1,000

(Financial statements are reviewed but not audited according to generally accepted auditing standards)

	January 1 to March 31, 2007	January 1 to March 31, 2006
<u>Cash flows from investing activities</u>		
Increase (Decrease) in current financial assets whose changes in fair value are recognized in earnings	\$ 85,983	(\$ 75,368)
Acquisition of long-term investment-equity method	( 86,095)	( 52,500)
Proceeds from disposal of long-term investment-equity method	-	94,988
Decrease in financial assets on basis of cost	-	797
Increase in deposits-out	( 16,399)	( 134,677)
Purchase of property, plant and equipment	( 533,895)	( 345,506)
Proceeds from disposal of fixed assets	1,204	6,446
Net cash provided by financing activities	( 549,202)	( 505,820)
<u>Cash flows from financing activities</u>		
Increase (or decrease) in long-term loans	400,000	( 820,000)
Payback of corporate bonds	( 700,000)	-
Increase in guarantee deposit received	51,773	74,678
Net cash provided by financing activities	( 248,227)	( 745,322)
Net increase (or decrease) in cash and cash equivalent	( 848,837)	( 755,150)
Beginning balance of cash and cash equivalent	3,238,414	2,076,066
Ending balance of cash and cash equivalent	\$ 2,389,577	\$ 1,320,916
<u>Supplement disclosures of cash flow information</u>		
Interest paid	\$ 30,762	\$ 29,325
Income tax paid	\$ 1,569	\$ 1,421
<u>Investing and financing activities of partial payment on cash</u>		
Purchase of property, plant and equipment	\$ 609,593	\$ 269,637
Add: beginning balance of account payable on equipment	278,844	211,747
Less: ended balance of account payable on equipment	( 354,542)	( 135,878)
Acquisition of fixed assets	\$ 533,895	\$ 345,506

The accompanying notes constituted an integral part of the financial statements,  
Please refer to the report of independent accountants dated April 26,2007

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation

Notes on Financial Statements

For the period ending on December 31, 2007 and 2006

Currency expression: NTD 1,000

(Unless otherwise specified)

(Financial statements are reviewed, but not audited, according to generally accepted auditing standards)

I. Company history

- (I) President Chain Store Corporation (hereinafter referred to as “the Company”) was duly incorporated in the Republic of China on June 10, 1987 under applicable legal rules. The principal business of the Company includes the investment in and operation of convenience stores, the sale of foods, canned products, books, newspapers, magazines, and household items, as well as the import, export and distribution of the aforementioned products. In August 1997, Taiwan Stock Exchange Corporation approved the Company to list its stocks for trading on the Taiwan Stock Exchange.
- (II) The parent company and ultimate parent company of the Company is Uni-President Enterprises Corp.
- (III) As of March 31, 2007, the Company has 8,600 employees (including part-time workers).

II. Summary of significant accounting policies

The financial statements were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Business Accounting Guidelines and the generally accepted accounting principles in the Republic of China. Significant accounting policies are explained as follows:

(I) Current and non current assets and liabilities

- 1. Assets that conform with the following terms are classified as current assets; assets other than current assets are non current assets:

- (1) Assets from business operations that are expected to be cashed, depleted, or sold in the business cycle.
  - (2) It is held for trading purposes.
  - (3) It is expected to be sold within twelve months from the date on the Balance Sheet.
  - (4) Cash or cash equivalent, except for that used for trade, liquidating debt, or which is restricted after twelve months from the date on the Balance Sheet.
2. Liabilities that are in conformity with the following terms are classified as a current liability; liabilities other than current liabilities are non-current liabilities:
- (1) Debts from business operations that are expected to be liquidated in the business cycle.
  - (2) It is held for trading purposes.
  - (3) It is expected to be liquidated within twelve months from the date on the Balance Sheet.
  - (4) Debts that cannot be unconditionally deferred in liquidation after twelve months from the date on the Balance Sheet.

(II) Foreign currency exchanges

1. The Company's accounts are expressed in NT Dollars in bookkeeping. For bookkeeping, transactions in foreign currencies shall be converted into NT Dollars on the basis of the spot exchange rate as of the day of transactions. Differences resulting from the exchange are recognized as current gains or losses.
2. The balances of foreign currency assets or liabilities at the end of the accounting period shall be adjusted on the basis of the spot exchange rate to comply with the date on the balance sheet. Differences resulting from the exchange are recognized as current gains or losses. Differences resulting from the exchange between the Company and foreign investees through advances for payment shall be recognized as adjustments to shareholders' equity.
3. Non-monetary assets or liabilities expressed in foreign currencies shall be estimated on the basis of fair values and the changes thereof shall be recognized as gains or losses at the end of the accounting period. Adjustments on the basis of the spot exchange rate as of the balance sheet day shall be made and the spread from the exchange shall be stated as net income (loss). For assets or liabilities in which changes in fair value shall be recognized as adjustments to shareholders' equity, adjustments shall be made on the basis of the spot exchange rate as of the balance sheet day. The spread from the exchange shall be recognized as adjustments to shareholders' equity. For assets or liabilities estimated not on the basis of fair value, use the historical exchange rate as of the transaction day for estimation.

(III) Financial instruments for which changes in fair value are recognized as gains and losses

1. Bookkeeping shall be made on the day of trade for equity assets or liabilities, and on the delivery day for warrants and rights. Initial recognition of the financial instruments used for bookkeeping estimation shall be made on the basis of fair value.
2. Financial assets, in which changes in fair value are recognized as gains or losses, shall be estimated on the basis of fair value and in which changes are recognized as gains or losses for the current period. The fair value for stocks with public quotations in centralized markets shall be recognized as the price at close of market on the date listed on the balance sheet. For open-ended funds, the fair value shall be the net asset value of the funds on the date listed on the balance sheet.

(IV) Financial assets that are available for sale

1. The transaction day accounting principle is adopted for the bookkeeping of equity investments whereby financial instruments shall be estimated on the basis of fair value in initial recognition plus the acquisition cost or issuance cost.

2. Financial assets that are available for sale are estimated on the basis of fair value. Any change in the value is recognized as adjustments to shareholders' equity. The fair value of stocks with public quotations in centralized markets is their respective price at close in the open market on the date listed on the balance sheet.
  3. Recognize this as impairment loss with supporting evidence. Should there be a decrease in the amount of subsequent impairment, recognize it as adjustments to shareholders' equity for the decrease in impairment of equity items.
- (V) Investments in bonds with no public quotations in the open market
1. The delivery day accounting principle is adopted for the bookkeeping of these investments and the estimation of which is based on fair value of the instruments plus the acquisition cost or issuance cost.
  2. For bonds with no public quotations in the open market, estimations shall be made on the basis of the cost after amortization.
  3. Recognize this as impairment loss with supporting evidence. Should there be a decrease in the amount of subsequent impairment, and it is obviously related to events that occurred after the recognition of impairment losses, reverse as current gains or losses, such reversal shall not cause the book value to exceed the cost after amortization under the unrecognition of impairment loss.
- (VI) Financial assets carried at cost
1. The transaction day accounting principle is adopted for the bookkeeping of financial instruments and shall be estimated on the basis of fair values in initial recognition plus the acquisition cost or issuance cost.
  2. Recognize this as an impairment loss with incriminating evidence. The amount of impairment loss cannot be reversed.
- (VII) Derivatives
1. Financial derivatives for trade: option trades shall be recognized on the basis of fair value as of the day of the trade. For derivative trades other than options, state the fair value as zero on the day of the trade. Estimation on derivative trades shall be based on the fair value on the date listed on the balance sheet. Any change in fair value shall be recognized as assets or liabilities and current gains and losses.

2. Derivatives for hedges: if derivatives meet all the conditions for the accounting of hedging instruments, the effect of any change in the fair value of the instruments and the hedged objects after offsetting shall be recognized in bookkeeping as follows:
- (1) Hedge of fair value: hedging instruments are estimated according to fair value. Any gain or loss in the book value of the hedging instruments that results from exchange rate fluctuation shall be recognized as a current gain or loss. Any gain or loss of the hedged objects resulting from hedging shall adjust the book value of the hedged objects and be immediately recognized as a current gain or loss.
  - (2) Hedge of cash flows: any gain or loss of the hedging instruments shall be recognized as adjustments to shareholders' equity.

(VIII) Allowance for doubtful accounts

The allowance for doubtful accounts is determined on the basis of collectability of receivable accounts and the balance of other receivables at the end.

(IX) Inventories

Bookkeeping of inventories is made on the basis of the actual cost and costing is made on the basis of the retailing method. An appropriate allowance for loss has provided for obsolete inventory and inventory that might become obsolete. Obsolete inventory loss is recorded as the loss in the period.

(X) Non current assets that are available for sale

The non-current assets, which recall their book value in the form of sale instead of continuous use, are valued based on the lower book value and net fair value.

(XI) Long-term investments (Equity method)

1. The Company adopts the equity method in the accounting of investees where the Company holds more than 20% of their voting shares or where the Company has significant influence. If the cost of investments exceed the fair value of identifiable net assets, the spread can be recognized as goodwill and be subject to a yearly impairment test. The spread being amortized over previous years cannot be adjusted retrospectively.
2. The investment loss of the invested company, which is valued with the equity method and is influential but not wholly owned, is recognized as having the book value of the investment and advances of the invested company reduced to zero. However, if President Chain Store Corp. has an endorsement and guarantee made for the invested company or has the intention to support the invested company continuously, investment loss is to be recognized proportionally to shareholdings.
3. In order to make overseas investments accounted for under the equity method, the “cumulative translation adjustment ” resulting from the conversion between the currencies expressed in the financial statements of the investees and the Company shall be recognized as adjustments to shareholders’ equity.

(XII) Fixed assets and non-operating assets

1. The bookkeeping for fixed assets shall be made on the basis of the acquisition cost. The interest accrued from the acquisition of assets to the point the assets can be available for use may be capitalized.
2. Depreciation shall be made under the average method. With the exception of improvement in capital lease when the term of the lease is less than five years, all other fixed assets are depreciated with their years of services plus one year of residual value. For assets that continue to be in service after the previous period of services, the residual value shall be subject to depreciation along the subsequent years of services. Buildings and construction have 30 to 55 years of service. Other assets have 3 to 15 years of services for depreciation purposes.
3. Spending on repair and maintenance is recognized as expenses for the current period. Major additions or improvements shall be capitalized and depreciated. While disposing of assets, the cost and accumulated depreciations shall be written off against each other. Any capital gains or losses thereof shall be recognized as current gains or losses.
4. Fixed assets that are not used for business operations are booked in the other assets account according to the lower net fair value or book value, the price difference booked as the losses from the period, and the depreciation expense booked in the non-operating expense account.

(XIII) Impairment of non-financial assets

1. If the recoverable amount of assets falls below the book values of such assets due to a change in the economic environment or the occurrence of a specific event, the resulting impairment loss shall be stated as recognized losses. The recoverable amount refers to the net fair value of a specific asset or its value for use, whichever is higher. Net fair value refers to the net proceeds to be received under fair trade of a specific asset. Value for use refers to the expected amount of cash flows generated by specific assets in subsequent years of service under the discount value method.

2. An impairment loss in previous years could be reversed if a subsequent recovery after a previous impairment loss was recognized and stated as current income. Recognized impairment of goodwill shall not be reversed.

(XIV) Pension Plan

1. Pension costs under the defined benefit pension plan are recognized on the basis of actuarial calculations. The net pension cost covers the cost of service in the current period, interest, anticipated return on fund assets, and the amortizations of unrecognized transitional net payment obligations and pension incomes or losses. Unrecognized transitional net payment obligations are amortized for a period of 15 years.
2. Under the defined contribution pension plan, pension fund contribution on accrual basis shall be recognized as pension cost for the current period.

(XV) Income Tax

1. The Company adopts Financial Accounting Standards No. 22, "Accounting for Income Taxes", to amortize the income tax beyond the year and for the current period. The tax effect of taxable temporary differences is recognized as deferred income tax liabilities, while the tax effect of deductible temporary differences, operating loss that is carried forward and income tax credit are recognized as deferred income tax assets. The valuation allowance is recognized on deferred income tax assets that are not expected to be realized. Deferred income tax assets or liabilities are classified into current and non current items in accordance with the nature of the balance sheet account and the period of expected realization. Deferred income tax assets or liabilities are classified into current and non current items in accordance with the nature of the balance sheet account and the period of expected realization.
2. A 10% income tax on unassigned retained earnings under the new Tax Code is recognized as income tax expenses that incurred in the year of the shareholders meeting resolution.
3. Tax credits on the acquisition of specific machinery, equipment, and human resources training are accounted for as deductions for the current year as income tax expenses.
4. The adjustments of tax liabilities carried forward are added to income tax expenses in the current year.

(XVI) Recognition of revenue and cost

Revenue shall be recognized and realized while gaining profits. Related costs are recognized with corresponding items of revenue. Expenses shall be recognized on an accrual basis and stated as current expenses.

(XVII) Earnings per share

The Company computes the earnings per share by the weighted-average method. The earnings for any additional quantity of shares through the capitalization of retained earnings or capital surplus into capital stocks shall be adjusted irrespective of the duration of circulation of such additional shares. Earnings for new shares shall be computed on the basis of the outstanding period.

(XVIII) Delivery day accounting

The Company has adopted the principle of delivery day accounting where applicable. The changes in fair values of asset transactions between the transaction day and the delivery day that are carried at cost or cost after amortization will not be recognized. Assets whose change in fair value are recognized as gains or losses shall recognize their changes as current gains or losses. Assets that are available for disposal shall recognize changes as adjustments to shareholders' equity.

(XIX) Accounting estimations

The Company prepared its financial statements in accordance with the generally accepted accounting principles in the Republic of China, and has made necessary estimations, assessments and disclosures on the amount stated or contingencies, including certain assumptions and estimations. However, the actual results may vary from the assumptions and estimations.

III. The reasons for changes in accounting policies and the effect of such changes

(I) No amortization for goodwill

1. The Company has adopted principles under the amended Financial Accounting Standards No. 1, 5, 7, 25 and 35 from January 1, 2006 whereby goodwill shall no longer be subject to amortization.
2. The said accounting policy change caused the net income and earnings per share in the first quarter of 2006 to go up by NT\$41,110 and NT\$0.04, respectively.

(II) Financial instruments

1. Effective January 1, 2006, the Company adopted the principles under the Financial Accounting Standards No. 34 on “Financial Instruments: Recognition and Measurement” and No. 36 on “Financial Instruments: Disclosure and Presentation” into its accounting policies. The Company has reclassified some account titles in the financial statements on or before December 31, 2005 in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and Financial Accounting Standards No. 34 on Financial Instruments: Recognition and Measurement and No. 36 on Financial Instruments: Disclosure and Presentation.
2. The said accounting policy change had caused the total assets and shareholders’ equity on March 31, 2006 to go up by NT\$230,626 (booked in the “Unrealized revaluation gains”), respectively, but it did not significantly influence the net income in the 1<sup>st</sup> quarter of 2006.

IV. Summary on major account titles

(I) Cash and cash equivalence

	<u>March 31, 2007</u>	<u>March 31, 2006</u>
Cash on hand and working capital of stores	\$ 1,368,524	\$ 332,267
Current account deposits and checking account deposits	1,021,053	988,649
	<u>\$ 2,389,577</u>	<u>\$ 1,320,916</u>

(II) Inventories

	<u>March 31, 2007</u>	<u>March 31, 2006</u>
Merchandise	\$ 2,997,038	\$ 2,810,482
Less: Allowance for inventory losses	( 464)	( 103,814)
	<u>\$ 2,976,574</u>	<u>\$ 2,706,668</u>

(III) Financial assets that are available for sale – non current

	<u>March 31, 2007</u>	<u>March 31, 2006</u>
Stock with public quotations	\$ 140,534	\$ 140,534
Financial assets for sale valuation adjustment	360,986	255,403
	<u>\$ 501,520</u>	<u>\$ 395,937</u>

(IV) Financial assets carried at cost – non current

	<u>March 31, 2007</u>	<u>March 31, 2006</u>
Stocks listed in the emerging market	\$ 1,742,880	\$ 1,742,880
Stocks with no public quotation	10,609,500	10,336,530
Subtotal	\$ 12,352,380	\$ 12,079,410
Accumulated impairment	( 212,777)	( 109,128)
Total	<u>\$ 12,139,603</u>	<u>\$ 11,970,282</u>

The instruments held by the Company have no public quotations in the open market and there is no fair value for estimation. Therefore, they are estimated on the basis of cost.

(V) Long-term investments (Equity method)

Investees	March 31, 2007		March 31, 2006	
	Amount	Proportion of shareholding	Amount	Proportion of shareholding
President Chain Store (BVI) Holdings Ltd.	\$ 965,958	100.00	\$ 1,172,842	100.00
PCSC (China) Limited	483,828	100.00	372,224	100.00
Ren-Hui Investment Corp.	859,739	100.00	856,887	100.00
Mech-President Corp.	427,689	62.95	411,516	62.95
Uni-President Cold-Chain Corp.	355,234	60.00	324,127	60.00
President Pharmaceutical Corp.	334,364	73.74	64,286	20.00
President Drugstore Business Corp.	431,148	100.00	355,326	100.00
President Information Corp.	203,110	56.00	179,890	70.00
Wisdom Distribution Service Corp.	186,056	100.00	173,806	100.00
President Transnet Corp. Retail Support International Corp.	219,764	70.00	206,648	70.00
Uni-President Oven Bakery Corp.	128,565	25.00	121,079	25.00
President Coffee Corp.	66,647	60.00	114,760	60.00
President Yilan Art and Culture Corp.	138,392	30.00	148,905	30.00
Uni-President Development Corp.	113,069	90.00	91,678	90.00
Mister Donut Taiwan Corp.	171,205	20.00	182,783	20.00
Q-ware Systems & services Corp.	133,309	50.00	128,659	50.00
President Musashino Corp.	147,418	22.68	185,638	22.68
Uni-President Department Store Corp.	220,925	40.00	-	-
Duskin Serve Taiwan Co.	222,804	70.00	52,500	70.00
Muji Taiwan Co. etc	100,272	51.00	84,017	51.00
	610,978	20.00~100.00	361,066	20.00~100.00
	<u>\$ 6,520,474</u>		<u>\$ 5,588,637</u>	

The net long-term equity investment income of President Chain Store Corp. that was valued with the equity method on January 1 ~ March 31, 2007 and 2006 amounted to NT\$81,870 and \$69,579, respectively. It was valued in accordance with the uncertified

financial statements of the invested company in the same period.

(XI) Accumulated depreciation

	March 31, 2007	March 31, 2006
Building	\$ 143,916	\$ 127,536
Machinery and equipment	5,689,072	5,078,493
Lease improvement	2,592,345	2,171,224
Other equipment	11,837	12,090
	<u>\$ 8,437,170</u>	<u>\$ 7,389,343</u>

(VII) Assets leased to others

	March 31, 2007		
	Initial cost	Accumulated depreciation	Book value
Lands	\$ 689,897	\$ -	\$ 689,897
Building	323,154	( 16,020)	307,134
	<u>\$ 1,013,051</u>	<u>(\$ 16,020)</u>	<u>\$ 997,031</u>
	March 31, 2006		
	Initial cost	Accumulated depreciation	Book value
Lands	\$ 689,897	\$ -	\$ 689,897
Building	323,172	( 5,658)	321,514
	<u>\$ 1,017,069</u>	<u>(\$ 5,658)</u>	<u>\$ 1,011,411</u>

(VIII) Accrued expenses

	March 31, 2007	March 31, 2006
Payable salaries and bonuses	\$ 438,518	\$ 611,972
Payable incentives for franchisee	419,355	433,002
Payable fees for system development and maintenance	78,184	136,354
Others	511,432	367,258
	<u>\$ 1,447,489</u>	<u>\$ 1,548,586</u>

(IX) Other accounts payable

	March 31, 2007	March 31, 2006
Bill collected for others	\$ 3,996,763	\$ 2,844,732
Payable for acquisition of fixed assets	354,542	135,878
Others	214,172	265,180
	<u>\$ 4,565,477</u>	<u>\$ 3,245,790</u>

(X) Corporate bond

	<u>Term</u>	<u>March 31, 2007</u>	<u>March 31, 2006</u>
1 <sup>st</sup> tranche of secured bonds	2002.01.16~2007.01.18	\$ -	\$ 700,000
2 <sup>nd</sup> tranche of secured bonds	2003.06.10~2008.06.13	1,300,000	1,500,000
		<u>1,300,000</u>	<u>2,200,000</u>
Less: Current portion		( 200,000)	( 900,000)
		<u>\$ 1,100,000</u>	<u>\$ 1,300,000</u>

1. The issuance of the 1<sup>st</sup> tranche of secured corporate bonds

The first tranche of the Company's secured corporate bonds has been matured and was repaid in January 2007.

2. The issuance of the 2<sup>nd</sup> tranche of secured corporate bonds

Together with Taipei Fubon Bank and Bank of Taiwan Chung Lun Branch, the Company has pledged the issuance of its 2<sup>nd</sup> tranche of secured bonds under the following terms and conditions:

- (1) Issue A: amounted to NT\$800 million and redemption at the 3rd, 4th and 5th anniversaries are 25%, 25%, and 50%, respectively, at a coupon rate of 1.4%. Simple interest is payable once per year in accordance with the coupon rate from the date of issuance.
- (2) Issue B: amounted to NT\$700 million at a coupon rate of 4% less the LIBOR rate for six months or 4% less the promissory note rate for 180 days, and is renewable semi-annually. Simple interest is payable once semi-annually.

(XI) Pension Fund

1. The Company has instituted regulations for the defined pension plan under the "Labor Standards Law", which is applicable to the years of services of employees before July 1, 2005, the day that the new "Labor Pension Act" came into full force. Such regulations are also applicable to employees who elect to continue the calculation of their subsequent years of service under the "Labor Standards Law". Each employee shall be entitled to 2 basis points for each year of service if he or she has served the Company for 15 years or less. ?? One basis point will be added for each additional year of service beyond the said period of 15 years up to the maximum of 45 basis points. Pension will be payable on the basis of the average basic salaries of the employee within the last six months prior to retirement and the length of service. The Company contributes 2% to 4.42% of the total salaries of the employees to the special pension fund account at the Central Trust of China supervised by the Employee Pension Fund Reserve Supervisory Committee. Accordingly, the Company has made contributions to the special account during the 1<sup>st</sup> quarters of 2007 and 2006, amounting to \$507,066 and \$421,628 at recognized pension costs of \$21,380 and \$20,066 respectively.

2. The new law provides a defined contribution to the pension plan. Effective July 1, 2005, the Company shall contribute an amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at the Labor Insurance Bureau. Retired employees may claim for pension disbursement in accordance with the status of their individual accounts and the cumulative contribution in the account through monthly payment or in lump sum. The pension cost under the defined pension plan was recognized as NT\$32,533 and NT\$29,972 for the 1<sup>st</sup> quarters of 2007 and 2006.

(XII) Income Tax

1. Income tax and Income taxes payable

	January 1 to March 31, 2007	January 1 to March 31, 2006
Income taxes payable	\$ 922,670	\$ 798,889
Income taxes payable – beginning	( 662,224)	( 607,843)
Deferred income tax assets – net	3,075	( 8,206)
Carried forward income tax liabilities	911	1,051
Income tax amount under the new taxation system	620	303
Prepaid income tax	-	67
Income tax expenses	<u>\$ 265,052</u>	<u>\$ 184,261</u>

2. Item of deferred income tax assets are shown as follows:

	March 31, 2007		March 31, 2006	
	Amount	Effect of income tax	Amount	Effect of income tax
Current items (Stated as other current assets in the statement)				
Temporary difference				
Allowance for reduction of inventory to market	\$ 464	\$ 116	\$ 103,814	\$ 25,954
Bad debts	6,991	1,748	13,542	3,385
Employee fringe benefits	1,133	283	2,863	716
		<u>\$ 2,147</u>		<u>\$ 30,055</u>
Non-current items (booked in the other assets account)				
Temporary difference				
Losses from overseas investments	\$ 759,506	\$ 189,877	\$ 444,415	\$ 111,104
Employee fringe benefits	-	-	1,133	283
		<u>189,877</u>		<u>111,387</u>
Less: allowance for reevaluation losses		<u>( 189,877)</u>		<u>( 111,104)</u>
		<u>\$ -</u>		<u>\$ 283</u>

3. The income tax returns filed by the company have been approved by taxation authorities up to the tax year for 2004.
4. Details of unpaid incomes are shown as follows:

	March 31, 2007	March 31, 2006
Unpaid incomes carried forward to 1997	\$ 31,142	\$ 31,142
Unallotted retained earnings carried forward from 1998	4,759,228	4,423,263
Total	<u>\$ 4,790,370</u>	<u>\$ 4,454,405</u>

5. Information on new taxation system

	<u>March 31,2007</u>	<u>March 31,2006</u>
Balance of shareholders deduction account	\$ 562,867	\$ 382,578
	<u>2006</u>	<u>2005</u>
	<u>(Estimated amount)</u>	<u>(Actual amount)</u>
Tax credit rate of retained earnings distributed	<u>14.47%</u>	<u>30.60%</u>

The estimated 2006 tax credit rate was based on the tax credit account balance on December 31, 2007. The tax credit available to the shareholders of President Chain Store Corp. is based on the shareholder's tax credit account balance on the dividend and bonus distribution date. Therefore, the tax credit rate for the distribution of retained earnings to shareholders after 1998 is the net value of all tax credit amounts available by tax law before the dividend and earnings distribution date.

(XIII) Capital

The Company has 960,000,000 authorized shares with 915,160,436 shares outstanding at NT\$10/share as of March 31, 2007 and 2006.

(XIV) Retained Earnings

1. The Articles of Incorporation of the Company dictate that, earnings in the year after account settlement shall be subject to corporate with income tax under law, followed by the offsetting of losses carried forward. 10% of the remainder shall be allocated as Legal reserve and special reserves may also be allocated as there is debit to shareholders' equity. The net earnings of the aforementioned deductions plus the unpaid incomes carried forward may be distributed to shareholders under proposal by the Board at the approval of the shareholders general meeting. Remunerations to directors and supervisors shall be at 1% of the earnings and employee bonus shall be no less than 0.2% of the earnings. The dividend and bonus for the shareholders shall be 80% to 100% of the income attributable to the shareholders net of remunerations to directors and supervisors and employee bonus (of which 50% to 100% shall be paid out in cash dividends). The remainder of the earnings shall be resolved by the shareholders general meeting for distribution.

2. Legal reserve may only be used for offsetting losses carried forward and increasing capitalization. If the balance of a Legal reserve reaches 50% of the paid-in capital, half of the 50% shall be retained and the remainder may be capitalized as capital stock.
3. The Board of Directors resolved the distribution of retained earnings from 2006 on March 14, 2007 and submitted it to the Shareholder's Meeting for approval.

Legal reserve	\$	382,233
Cash dividend (NT\$3.5/share)		3,203,062
Cash bonus to employees		275,250
Remuneration to Directors & Supervisors		34,406
Total	\$	<u><u>3,894,951</u></u>

(XV) Earnings per share

		January 1 ~ March 31, 2007				
		Amount		Weighted average quantity of outstanding shares	EPS (currency: NTD)	
		pre-tax	after tax		pre-tax	after tax
Basic EPS						
Earnings for shareholders of common stock		\$1,134,179	\$ 896,127	915,160,436	\$ 1.24	\$ 0.95
		January 1 ~ March 31, 2006				
		Amount		Weighted average quantity of outstanding shares	EPS (currency: NTD)	
		pre-tax	after tax		pre-tax	after tax
Basic EPS						
Earnings for shareholders of common stock		\$ 850,380	\$ 666,492	916,160,436	\$ 0.93	\$ 0.73

(XVI) Human resources spending, depreciation, depletion and amortization

Human resources spending, depreciations, depletion and amortization are recognized as operating expenses specified as follows:

	January 1 ~ March 31,2007	January 1 ~ March 31,2006
Human resources expenses		
Salaries	\$ 898,540	\$ 857,001
Labor and health insurance	68,211	66,093
Pension fund	53,913	50,038
Other human resources expenses	51,926	49,437
	<u>\$ 1,072,590</u>	<u>\$ 1,022,479</u>
Depreciation	<u>\$ 426,943</u>	<u>\$ 415,839</u>
Depletions	<u>\$ -</u>	<u>\$ -</u>
Amortizations	<u>\$ 26,068</u>	<u>\$ 97,412</u>

V. Related Party Transactions

(I) Names of related parties and their relationship with the company

<u>Name of related parties</u>	<u>Relationship with the company</u>
Uni-President Enterprises Corp.	Parent
Tung Ang Enterprise Corp.	Investees of Uni-President Enterprises Corp under the equity method
Presco Netmarketing Inc.	"
Uni-President Dream Parks Corp.	"
President Natural Industrial Corp.	"
President Baseball Team Corp.	"
President Tokyo Corp.	"
Kuang Chuan Dairy Co., Ltd.	"
President Kikkoman Inc.	"
Tung Guan Enterprises Co., Ltd.	"
Uni-President Vender Corp.	"
President Direct Marketing Corp.	Subsidiary
President Drugstore Business Corp.	"
Wisdom Distribution Service Corp.	"
Mech-President Corp.	"
Duskin Serve Taiwan Co.	"
Capital Inventory Services Corp.	"
President Information Corp.	"
Uni-President Cold-Chain Corp.	"
President Chain Store (BVI) Holdings Ltd.	"
PCSC (China) Limited	"
President Transnet Corp.	"
Uni-President Oven Bakery Corp.	"
Ren-Hui Investment Corp.	"
President Collect Services Co. Ltd.	"
Bank Pro E-Service Technology Co., Ltd.	"
Books.com. Co. Ltd.	"
President Yilan Art and Culture Corp.	"
Uni-President Department Store Corp.	"
President Pharmaceutical Corp.	"
President FN Business Corporation	"
Cold Stone Creamery Taiwan Ltd.	"
President Coffee Corp.	Investees of the Company under equity method
Retail Support International Corp.	"
Muji Taiwan Co. Ltd.	"

Name of related parties	Relationship with the company
Uni-President Yellow Hat Corp.	Investees of the Company under the equity method.
Q-ware Systems & services Corp.	"
Marks and Spencer Co.	"
Uni-President Development Corp.	"
President Organics, Co.	"
Mister Donut Taiwan Corp.	"
21 Century Enterprise Co., Ltd.	"
President Musashino Corp.	"
President Chain Store (Labuan) Holdings Ltd.	subsidiary of a subsidiary
PCSC (China) Supermarket Limited	"
PCSC (China) Drugstore Limited	"
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	
Zhuhai Livzon Drugstore Chain Company Limited	"
Uni-President Oven Bakery (BVI) Corp.	"
Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	"
Philippine Seven Corp.	"
Convenience Distribution Corp.	"
PCSC (Vietnam) Supermarket Ltd.	"
Shan Dong President Yinzuo Commercial Limited	"
PCSC (SICHUAN) Hypermarket Limited	"
PCSC (CHENGDU) Hypermarket Limited	"
Safety Elevator Corp.	"
Mech-President (BVI) Corp.	"
President Jim Corp.	"
Shanghai President Machine Corp.	"
Vision Distribution Service Corp.	"
Duskin China (BVI) Holding Limited	"
President Technology Corp.	The Company is a director
Tong-Ho Development Corp.	"
Allianz President Life Insurance Co., Ltd.	"
Retail Support Taiwan Corp.	A subsidiary of Retail Support International Corp.
President Logistics International Corp.	"
Chieh-Shuen Logistics International Corp.	A subsidiary of President Logistics
Beingspa	A subsidiary of Tong-Ho Development Corp.
Kuang Chuan Foods Ltd.	A subsidiary of Kuang Chuan Dairy Co., Ltd.

(II) Major transactions with related parties

1. Other operating incomes – marketing bonuses

	<u>January 1 ~ March 31, 2007</u>		<u>January 1 ~ March 31, 2006</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
Retail Support International Corp.	\$ 58,858	13	\$ 48,367	13
Others	6,698	2	9,038	2
	<u>\$ 65,556</u>	<u>15</u>	<u>\$ 57,405</u>	<u>15</u>

2. Purchase (net of purchase incentive bonuses)

	<u>January 1 ~ March 31, 2007</u>		<u>January 1 ~ March 31, 2006</u>	
	<u>Amount</u>	<u>Ratio to the total net purchase amount</u>	<u>Amount</u>	<u>Ratio to the total net purchase amount</u>
Retail Support International Corp.	\$10,620,824	60	\$10,190,177	63
Uni-President Cold-Chain Corp.	3,614,516	20	3,290,421	21
Wisdom Distribution Service Corp.	2,052,022	12	1,320,329	8
Uni-President Enterprises Corp.	359,529	2	334,914	2
Others	255,033	1	263,861	2
	<u>\$16,901,924</u>	<u>95</u>	<u>\$15,399,702</u>	<u>96</u>

- (1) The aforementioned sales and purchases have been made under regular prices and the percentage and collection of incentive bonus for purchases are the same except for Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp.
- (2) The purchases between the Company and Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp. are bound by the agreements with the said parties for appointment of shipping services. According to related written agreements, the Company merchandise and retail items bought from all other suppliers are shipped and distributed by the aforementioned companies with the exception of the purchase of duty free items from Uni-President Cold-Chain Corp., and others are made with the aforementioned companies in accordance with their internal procedures. The aforementioned purchase cost is based on the negotiated prices on the merchandise and items plus a commission on the payment.

3. Compensation on defective merchandise (debited to cost of goods sold)

	<u>January 1 ~ March 31, 2007</u>		<u>January 1 ~ March 31, 2006</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
Uni-President Cold-Chain Corp.	\$ 54,124	62	\$ 50,592	62
Retail Support International Corp.	23,301	26	22,261	27
Others	10,434	12	9,447	12
	<u>\$ 87,859</u>	<u>100</u>	<u>\$ 82,300</u>	<u>100</u>

4. Operating expenses

	<u>January 1 ~ March 31, 2007</u>		<u>January 1 ~ March 31, 2006</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
(1) <u>Cleaning fees</u>				
Duskin Serve Taiwan Co.	\$ 18,106	42	\$ 5,646	21
(2) Items for stores (recognized as packing and other fees)				
Retail Support International Corp.	\$ 52,683	50	\$ 46,076	49
(3) Stocktaking fees for the stores				
Capital Inventory Services Corp.	\$ 31,874	100	\$ 33,234	100
(4) Electronic ordering system processing fees				
President Information Corp.	\$ 79,297	43	\$121,691	63

5. Non-operating incomes

- (1) Subsidy to electronic online ordering system processing fees (recognized as miscellaneous incomes)

	<u>January 1 ~ March 31, 2007</u>		<u>January 1 ~ March 31, 2006</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
Retail Support International Corp.	\$ 78,061	74	\$47,435	65
Uni-President Cold-Chain Corp.	24,247	23	21,327	29
Others	3,077	2	3,007	5
	<u>\$105,385</u>	<u>99</u>	<u>71,769</u>	<u>99</u>

- (2) Rental income (recognized as debit item to rental spending and miscellaneous income)

	<u>Jan 1, 2007- Mar 31,2007</u>	<u>Jan 1, 2006- Mar 31,2006</u>
President Coffee Corp. etc.	\$ 15,766	\$ 15,389

6. Receivables (payables to) from related parties

	<u>March 31, 2007</u>		<u>March 31, 2006</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
<u>Other accounts receivable</u>				
Marks and Spencer Co.	\$ 21,982	6	\$ -	-
Uni-President Enterprises Corp.	16,621	5	13,664	4
Others	<u>40,281</u>	<u>10</u>	<u>26,311</u>	<u>8</u>
	<u>\$ 78,884</u>	<u>21</u>	<u>\$ 39,975</u>	<u>12</u>

	March 31, 2007		March 31, 2006	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
<u>Prepayment for purchase (recognized as other current assets)</u>				
Retail Support International Corp.	\$ -	-	\$ 66,500	7
<u>Note and account payables</u>				
Retail Support International Corp.	\$3,335,335	45	\$3,037,485	50
Uni-President Cold-Chain Corp.	1,271,348	17	1,176,017	19
Wisdom Distribution Service Corp.	1,411,392	19	703,155	12
Uni-President Enterprises Corp.	253,327	3	127,467	2
Others	307,356	4	137,521	3
	<u>\$6,578,758</u>	<u>88</u>	<u>\$5,181,645</u>	<u>86</u>
<u>Accrued expenses</u>				
Retail Support International Corp.	\$ 14,105	1	\$ 27,859	2
President Information Corp.	49,545	3	87,887	6
Capital Inventory Services Corp.	33,901	2	22,045	1
Others	86,410	7	52,234	3
	<u>\$ 183,961</u>	<u>13</u>	<u>\$ 190,025</u>	<u>12</u>

7. Financing – to related party (none from January 1 to March 31, 2007)

Borrowers	Date of transaction	January 1 ~ March 31, 2006			
		Maximum balance		Interest rate	Interest income
		Amount	Balance at ending of period		
21 Century Enterprise Co., Ltd.	Jan 2006- Feb 2006	\$5,000	\$	2.51%- 2.52%	\$ 19

8. Guarantee

The Company has acted as a guarantor in favor of the following stakeholders as of

March 31 2007:

Retail Support International Corp.	\$	400,000
Wisdom Distribution Service Corp.		50,000
President Yilan Art and Culture Corp.		15,000
President Information Corp.		8,000
	<u>\$</u>	<u>473,000</u>
Mech-President Corp.	USD	3,000,000
Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	USD	3,500,000
	USD	4,000,000
Philippine Seven Corp.	PHP	180,000,000

9. Commitment

- (1) The Company has entered into an agreement with President Information Corp. on the maintenance of application software. Under this agreement, President Information Corp. shall provide services for the Company and all business locations on system operation and system maintenance of all electronic online ordering systems. The total contract sum amounted to \$406,368 and the contract shall expire in December 2007. As of March 31, 2007, the Company has outstanding payment in the amount of \$327,545.
- (2) The Company has leased out a portion of the headquarters building to affiliates and subsidiaries as business and office space with lease terms ranging from 3 to 5 years. The collection of rent is based on the terms and conditions specified in respective lease agreements. As of March 31, 2007, the Company has the following projected rental incomes:

<u>Lease term</u>	<u>Total rents</u>
April 1, 2007 to December 31, 2007	\$ 14,032
2008	12,401
2009	11,140
2010	5,794
	<u>\$ 43,367</u>

VI. Assets pledged under lien

None.

VII. Materiality and Contingencies

- (I) The Company has entered into an agreement with 7- Eleven Inc. of the USA on a long-term technology joint venture. Under this agreement, the Company shall pay the latter royalties at an agreed percentage of the monthly sales of each retail location within the term of contract.
- (II) President Chain Store Corp. is leasing the arcade of the President International Building (booked in the "Assets leased to others" account) to a non-related party for 18 years and 6.5 months starting from June 15, 2005. The rent is for an amount equivalent to a certain percentage of sales revenue.

(III) The Company has leased spaces from unrelated parties for business under the relevant lease agreements with terms ranging from 3 years to 12 years. As of March 31, 2007, the Company has prepaid rents and refundable deposits amounting to \$669,570 and \$950,025 respectively. These two items are listed under the title of other current assets and refundable deposits. The Company has the following projections for rent payables and related spending:

<u>Lease term</u>	<u>Total rents</u>
April 1, 2007 to December 31, 2007	\$ 3,458,367
2008	4,539,261
2009	4,217,120
2010	3,705,737
2011 and beyond	<u>9,138,122</u>
	<u>\$ 25,058,608</u>

VIII. Losses from major accidents

None.

IX. Subsequent events

The Company entered into an agreement for the exchange of equity on January 16, 2007, intending to sell all of its Allianz President Life Insurance Co., Ltd. shares to Allianz SE at NT\$15 per share (stated as “non current assets that are available of sale). The total trading amount was NT\$362,502. The transaction was completed on April 19, 2007 and all payments have been collected.

X. Miscellaneous

(I) Information on fair value

	March 31, 2007		
	Fair value		
	Amount	Amount	
	determined by	estimated by	
	open quotations	appraisal method	
	<u>Book value</u>	<u>open quotations</u>	<u>appraisal method</u>
Non-Derivatives			
Assets			
Financial instruments whose book values are equal to fair value	\$ 3,091,361	\$ -	\$ 3,091,361
Financial instruments held for trading	40,956	40,956	-
Investments in bonds with no public quotations in open market	20,000	-	20,000
Financial assets carried at cost	12,139,603	-	-
Financial assets available for sales	501,520	501,520	-
Refundable deposit	954,002	-	864,809
Liabilities			
Financial liabilities whose book values are equal to fair values	\$14,390,843	-	\$ 14,390,843
Corporate bond	1,300,000	-	1,300,000
Long-term debt	400,000	-	400,000
Guarantee deposit received	1,620,867	-	1,466,226

	March 31, 2006		
	Fair value		
	Amount	Amount	
	determined by	estimated by	
	open quotations	appraisal method	
	Book value		
Non-Derivatives			
Assets			
Financial instruments whose book values are equal to fair value	\$ 1,962,400	\$ -	\$ 1,962,400
Financial instruments held for trading	81,370	81,370	-
Investments in bonds with no public quotations in open market	60,000	-	-
Financial assets carried at cost	11,970,282	-	-
Financial assets available for sales	395,937	395,937	-
Refundable deposit	888,552	-	795,197
Liabilities			
Financial liabilities whose book values are equal to fair values	\$11,634,230	-	\$ 11,634,230
Corporate bond	2,200,000	-	2,200,000
Long-term debt	500,000	-	500,000
Guarantee deposit received	1,419,744	-	1,290,600

The Company adopted the following methods and assumptions on the valuation of fair value for financial instruments:

1. The carrying values of short-term financial instruments, which are stated in the balance sheet, have been adopted as their fair value because the discounted values of such instruments are insignificant. These are the amounts that are not determined by open quotations or estimation. This method is applicable to cash and cash equivalents, notes and accounts receivable, other accounts receivable, notes and accounts payable, Income taxes payable, accrued expenses and other accounts payable.
2. The fair value of the financial assets for sale is the market price.
3. The fair value of the refundable deposit and guarantee deposit received in advance are estimated on the basis of the anticipated discount rate with reference to the interest rate offered by the Postal Savings and Remittances Bureau for a 1 year time deposit.

4. The discounted value of corporate bonds and long-term debt are insignificant, and their carrying values are adopted as fair value.

(II) Management of Financial Risks and Hedge policy

1. The risk management policy adopted by the Company aims at hedging off operational risks. To this end, the Company deals with derivatives for covering financial exposure. The selection of specific instruments shall be able to hedge off the risks in interest expenses, assets and liabilities deriving from operations.

2. The Company's Finance Department is responsible for the supervision and control of derivatives. In practice, this department shall monitor the exposure that results from derivative trades and assess the market price regularly. If the department discovers unusual situations on transaction and exposure, it should take necessary and immediate action and report them to the board. The department also evaluates the performance of the derivatives regularly to ensure their conformity to company policy for operations and that the risks so assumed are within the toleration threshold of the company.
- (III) The Company's financial assets with fair value risk that were subject to interest rate fluctuation on March 31, 2007 and 2006 were \$20,000 and \$60,000 respectively, and the financial liabilities were \$1,000,000 and \$2,000,000. The financial liabilities with cash flow risk bearing interest rate fluctuation were \$700,000 and \$700,000.

(IX) Information on primary financial risks

1. Market Risk

- (1) Financial instruments, for which changes in fair value are recognized as gains and losses, and financial instruments available for disposal that are invested by the Company are stocks issued by listed companies and open-ended funds. They are under the influence of market price fluctuation.
- (2) There is no market risk bearing interest rate fluctuation upon evaluation for long-term loans borrowed by the Company and payable bonds bearing a fixed rate because the maturity date is near.
- (3) All of the Company's payables are due within one year. Therefore, the Company is assessed as having no significant risks in the markets.

2. Credit Risk

- (1) The orders for financial instruments, for which changes in fair value are recognized as gains and losses, and financial instruments available for disposal that are invested in by the Company are placed on the centralized market and the counterparties are of good credit standing. As such, there is no anticipated breach of contract by counterparties.

- (2) The Company has undertaken IRS contracts with the international financial organizations that have a good credit rating. Therefore, it is anticipated that there is no likelihood of trading counterparts' credit risk.
- (3) The Company acts as guarantor for third party loans in accordance with the "Procedure for Guarantee and Endorsement", and only acts in favor of subsidiaries and stakeholders with business transactions. Since the Company can access proper information on their credit standing, no collateral is demanded. If a respective stakeholder is liable for breach of contract, the amount of possible credit risk may be approximately offset by the receipts in advance.

### 3. Liquidity Risk

- (1) Financial instruments which change in fair value are recognized as gains and losses and financial instruments available for disposal invested by the Company have public quotations in open market. As such, they are expected to be disposed of quickly at prices approximating to fair value in the market without difficulty.
- (2) The financial instruments invested in by the Company and carried at cost have no open quotation in the centralized market. Therefore, there is an anticipated liquidity risk.
- (3) Payable or receivable interest from IRS contracts engaged in by the Company is based on the nominal principal multiplying by the difference of the interest rate. The amount is not material or due, there is no cash inflow or outflow, and the Company's working fund affords to cope with it. Therefore, there is no fund raising risk.

### 4. Cash Flow Risks deriving from interest rate fluctuation

- (1) Equity class financial instruments that are invested in by the Company are not interest bearing instruments and there will be no cash flow risk deriving from interest rate fluctuation.
- (2) The payable corporate bonds issued by the Company bear the floating rate. Therefore, the bond effective rate will change along with market rate and that causes future cash flow to fluctuate. However, the Company has undertaken an IRS contract for hedging off such risk that derives from interest rate fluctuation. Therefore, it is anticipated that there is no material cash flow risk.

(V) Hedge of cash flows

The payable corporate bonds issued by the Company bear the floating rate. Therefore, the future cash flow of the liability might fluctuate along with the market rate and cause a risk. Upon assessment, the Company separately entered into IRS contracts for hedging:

Hedged objects	Designated hedging instruments		Period in which cash flow is anticipated to be generated	Time at which the relevant loss is anticipated to be recognized in the statement of income
	Financial products designated to be hedging instruments	fair value		
		March 31, 2007	March 31, 2006	
Corporate bond	Interest rate SWAP	<u>(\$ 15,101)</u>	<u>(\$ 24,777)</u>	2003.6~ 2008.6 2006~2008
Item		March 31, 2007	March 31, 2006	
Adjustments to shareholders' equity		(\$ 107)	(\$ 24,777)	
Reversal from shareholders' equity to income and loss		\$ -	\$ -	
Reversal from shareholders' equity to non-financial assets (liabilities)		\$ -	\$ -	

XI. Disclosures

(I) Information on major transactions

Disclosure on major transactions of the Company in the 1<sup>st</sup> quarter of 2007 is specified as follows:

1. Loans to third parties: None.
2. Act as guarantor in favor of a third party

Name of Guarantor	Name of Guarantee		Limit of guarantee to particular enterprise (Note)	Maximum Balance in current period		Balance at ending		Guarantee with Collateral	Accumulated amount of guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit for guarantee (note)	
	Company Name	Affiliation									
President Chain Store Corporation	Retail Support International Corp.	business relation	\$ 3,367,799	\$ 450,000	\$ 400,000			None	2.38%	\$ 8,419,498	
	Wisdom Distribution Service Corp.	subsidiary	3,367,799	50,000	50,000			None	0.30%	8,419,498	
	President Information Corp.	subsidiary	3,367,799	8,000	8,000			None	0.05%	8,419,498	
	President Yilan Art and Culture Corp.	subsidiary	3,367,799	65,000	15,000			None	0.09%	8,419,498	
	Wuhan Uni-president Oven Fresh Bakery Co.,	subsidiary of a subsidiary	3,367,799	USD 3,500,000	USD 3,500,000			None	0.69%	8,419,498	
	Mech-President Corp.	subsidiary	3,367,799	USD 3,000,000	USD 3,000,000			None	0.69%	8,419,498	
	Philippine Seven Corp.	subsidiary of a subsidiary	3,367,799	USD 4,000,000	USD 4,000,000			None	<u>1.52%</u>	8,419,498	
				PHD 180,000,000	PHD 180,000,000						
										<u>5.62%</u>	

Note: The upper limit of the total guarantee undertaken by the Company is 50% of the net worth, and 20% of the net worth for a particular enterprise.

### 3. Holding of marketable securities at ending

Holder of securities	Types and names of securities	Affiliation with security issuers	Account titles	Quantity of shares /units at ending	Book value	Proportion of shareholding	Market price	Remarks
President Chain Store Corporation	Ton Yi Industrial Corp.	None	Financial assets which change in fair values are recognized as gains or losses-current Less: Allowance for valuation adjustments	skipped	\$ 48,697 ( 7,741) <u>\$ 40,956</u>	-	\$ 40,956	
	President Chain Store (BVI) Holdings Ltd.	Investees of the Company under equity method.	Long-term investments (Equity method)	46,405,458	\$ 965,958	100.00%	\$ 978,609	
	Ren-Hui Investment Corp.	"	"	85,303,733	859,739	100.00%	859,739	
	Mech-President Corp.	"	"	38,712,620	427,689	62.95%	429,130	
	Uni-President Cold-Chain Corp.	"	"	19,563,272	355,234	60.00%	346,367	
	President Drugstore Business Corp.	"	"	33,100,000	431,148	100.00%	426,187	
	President Yilan Art and Culture Corp.	"	"	18,000,000	113,069	90.00%	113,466	
	President Information Corp.	"	"	15,025,405	203,110	56.00%	199,549	
	President Transnet Corp.	"	"	70,000,000	219,764	70.00%	199,885	
	Wisdom Distribution Service Corp.	"	"	9,432,540	186,056	100.00%	188,109	
	PCSC (China) Limited	"	"	20,722,000	483,828	100.00%	490,069	
	Uni-President Development Corp.	"	"	20,000,000	171,205	20.00%	171,205	
	Mister Donut Taiwan Corp.	"	"	10,000,000	133,309	50.00%	134,644	
	President Coffee Corp.	"	"	9,313,920	138,392	30.00%	139,847	
	Retail Support International Corp.	"	"	5,000,000	128,565	25.00%	120,514	
	Q-ware Systems & services Corp.	"	"	19,157,720	147,418	22.68%	128,582	
	President Pharmaceutical Corp.	"	"	14,600,494	334,364	73.74%	175,573	
	Uni-President Department Store Corp.	"	"	35,000,000	222,804	70.00%	221,345	
	President Musashino Corp.	"	"	20,916,000	220,925	40.00%	221,217	
	Duskin Serve Taiwan Co.	"	"	15,300,000	100,272	51.00%	100,378	
	Muji Taiwan Co. etc.	"	"	skipped	677,625	20.00%	668,988	
					<u>\$ 6,520,474</u>	~100.00%		
	President Securities Corp.	-	Financial assets that are available for sale—non current	29,328,669	\$ 501,520	2.57%	\$ 501,520	
	Presicarre Corp.	-	Financial assets measured at cost—non current	70,605,016	\$ 6,818,529	19.50%	skipped	
	Toppoly Optoelectronics Corp.	-	"	146,448,927	1,609,160	3.46%	"	
	Tong-Jen Development Corp.	-	"	171,000,000	1,941,500	19.00%	"	
	President International Development Corp.	The Company is a director	"	50,000,000	500,000	3.33%	"	
	New Century Info Comm Co., Ltd. etc.	skipped	"	skipped	1,270,414	0.02%~19.93%	"	
					<u>\$ 12,139,603</u>			
	Corporate Bond of Retail Support International Corp.	Investees of the Company under equity method.	Bond portfolios with no active market—current	-	\$ 20,000	-	\$ 20,000	
	Allianz President Life Insurance Co., Ltd.	None	Noncurrent assets that are available for sale	24,166,817	\$ 241,668	10.10%	\$ 241,668	

4. The amount of the same securities cumulatively bought or sold that exceeds NT\$100 million or 20% of the paid-in capital.

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	Other adjustments	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost			Quantity of share	Amount
President Chain Store Corporation	UPAMC JAMES BOND Fund	Note 1	Not applicable	Not applicable	-	\$ -	58,285,758	\$ 900,000	58,285,758	\$ 900,334	\$ 900,000	\$ 334	\$ -	-	\$ -
	Mega Diamond Bond Fund	"	"	"	-	-	68,549,187	790,000	68,549,187	790,507	790,000	507	-	-	-
	Prudential Financial Bond Fund	"	"	"	-	-	129,228,256	1,890,000	129,228,256	1,890,436	1,890,000	436	-	-	-
	Fuh-Hwa Bond Fund	"	"	"	-	-	92,855,265	1,240,000	92,855,265	1,240,386	1,240,000	386	-	-	-
	Fuh-Hwa Global Bond Fund	"	"	"	-	-	15,602,815	200,000	15,602,815	200,070	200,000	70	-	-	-
	CAPITAL INCOME FUND	"	"	"	-	-	13,253,101	198,000	13,253,101	198,081	198,000	81	-	-	-
	NITC Taiwan Bond Fund	"	"	"	-	-	21,236,683	300,000	21,236,683	300,246	300,000	246	-	-	-
	THE FIRST GLOBAL INVESTMENT TRUST WAN TAI BOND FUND	"	"	"	-	-	20,715,026	290,000	20,715,026	290,199	290,000	199	-	-	-

Note 1: Recognized under the account title of "Financial instruments in which changes in fair value are recognized as gains or losses – current".

5. The acquisition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

6. The disposition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

7. Purchase and sales with related parties exceeding NT\$100 million or 20% of the paid-in capital:

Buyer/seller	Counter parties	Affiliation	Status of trade			Special terms and conditions of trade and reasons			Account, note receivables (payables)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)		
President Chain Store Corporation	Retail Support International Corp.	A subsidiary of an investee under the equity method	Purchase	\$ 10,620,824	60	O/A settlement from 10~80 days	Note	No significant difference	(\$ 3,335,335)	( 45)	
	Uni-President Cold-Chain Corp.	Subsidiary	"	3,614,516	20	O/A settlement from 15~30 days	"	"	( 1,271,348)	( 17)	
	Wisdom Distribution Service Corp.	"	"	2,052,022	12	O/A settlement from 25~35 days	"	"	( 1,411,392)	( 19)	
	Uni-President Enterprises Corp.	Parent	"	359,529	2	O/A settlement from 30~45 days	No significant difference	"	( 253,327)	( 3)	
	President Transnet Corp.	Subsidiary	Cost of operation	179,657	1	O/A settlement 15 days	The cost of home delivery, not applicable here	"	( 51,162)	( 1)	

Note: cost of purchase with Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp. is based on the agreed rates on merchandises and utensils plus commission.

8. Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital: none.

9. Derivative trade: Note X (5)

(II) Information on Investees

## 1. Information on investees

Investor name	Name	Investees		Initial amount of investment		Holding at ending			Income status of investees	Recognized return on (or loss from) investment by		Remarks
		Location	Major business activities	End of current period	End of previous period	Quantity of share	Proportion	Book value		company		
President Chain Store Corporation	President Chain Store (BVI) Holdings Ltd.	BVI	Professional investments	\$ 1,520,766	\$ 1,520,766	46,405,458	100.00%	\$965,958	(\$ 15,683)	(\$	15,669)	Subsidiary
	Ren-Hui Investment Corp.	Taipei	Professional investments	853,037	853,037	85,303,733	100.00%	859,739	181		181	"
	Mech-President Corp.	Tainan	Gasoline stations, cables	364,683	364,683	38,712,620	62.95%	427,689	13,391		6,989	"
	Uni-President Cold-Chain Corp.	Tainan	Frozen foods, low-temperature logistics	237,437	237,437	19,563,272	60.00%	355,234	10,640		6,140	"
	President Drugstore Business Corp.	Taipei	Retailing of medicines and daily items	396,000	396,000	33,100,000	100.00%	431,148	13,391		13,618	"
	President Yilan Art and Culture Corp.	Yilan	Art and cultural exhibition	180,000	180,000	18,000,000	90.00%	113,069	10,559		9,503	"
	President Information Corp.	Taipei	Business management consulting services	93,348	93,348	15,025,405	56.00%	203,110	7,330		4,038	"
	President Transnet Corp.	Taipei county	Foods and utensils retailing and shipping	711,576	711,576	70,000,000	70.00%	219,764	24,965		18,512	"
	Wisdom Distribution Service Corp.	Taipei	Magazine delivery	50,000	50,000	9,432,540	100.00%	186,056	23,798		23,422	"
	PCSC (China) Limited	BVI	Professional investments	679,796	468,060	20,722,000	100.00%	483,828	2,691		2,687	"
	Uni-President Development Corp.	Taipei	Construction of transportation depots	200,000	200,000	20,000,000	20.00%	171,205	( 13,645)	(	2,729)	Note 1
	Mister Donut Taiwan Corp.	Taipei	Bakery	100,000	100,000	10,000,000	50.00%	133,309	15,585		7,060	"
	President Coffee Corp.	Taipei	Coffee and accessories trade	59,400	59,400	9,313,920	30.00%	138,392	32,126		8,183	"
	Retail Support International Corp.	Chungli	Room-temperature food logistics	91,414	91,414	5,000,000	25.00%	128,565	35,396		8,780	"
	Q-ware Systems & services Corp.	Taipei	Internet service provider	191,577	191,577	19,157,720	22.68%	147,418	( 9,180)	(	2,081)	"
	President Pharmaceutical Corp.	Taipei	Medicines & medical instrument retail and wholesale	330,216	74,844	14,600,494	73.74%	334,364	12,953		9,544	Subsidiary
	Uni-President Department Store Corp.	Taipei	Department stores	350,000	-	35,000,000	70.00%	222,804	( 40,420)	(	26,312)	"
President Musashino Corp.	Tainan	Bakery foods industry	195,525	-	20,916,000	40.00%	220,925	7,683		2,624	Note 1	
Duskin Serve Taiwan Co.	Taipei		153,000	153,000	15,300,000	51.00%	100,272	11,427		5,721	Subsidiary	
Muji Taiwan co. Ltd.	—	—	1,006,241	802,646	skipped	20.00%	677,625	skipped		1,659	Note 2	
						~100.00%						
								<u>\$ 6,520,474</u>		<u>\$</u>	<u>81,870</u>	

Note 1: Investee of the Company under the equity method.

Note 2: Is a subsidiary of the Company and an investee under the equity method.

Investor name	Investees			Initial amount of investment		Holding at ending				Income status of investees	Recognized return on (or loss from) investment by company	Remarks
	Name	Location	Major business activities	End of current period	End of previous period	Quantity of share	Proportion	Book value				
Retail Support International Corp. etc.	President Logistics International Corp.etc.	—	—	\$ 762,487	\$ 705,374	skipped	6.00%~100%	\$ 527,112	skipped	Not applicable	—	
President Chain Store (BVI) Holdings Ltd.	President Coffee (Cayman) Holdings Ltd.	Cayman Islands	Professional investments	USD 1,800,000	USD 1,800,000	1,800,000	30.00%	USD 3,341,000	USD 541,000	"	Note	
	President Chain Store (Labuan) Holdings Ltd.	Labuan	Professional investments	USD 20,684,000	USD 20,684,000	20,684,321	100.00%	USD 9,530,000	(USD 289,000)	"	subsidiary of a subsidiary	
	PresiclercLimited	BVI	Professional investments	USD 12,212,000	USD 10,837,000	11,969,000	48.41%	USD 514,000	(USD 834,000)	"	Note	
	T&T Supermarket Inc.	Canada	Food and household goods retailing	CAD 12,000,000	CAD 12,000,000	200	20.00%	USD 6,242,000	CAD 2,139,000	"	"	
	PCSC (Vietnam) SupermarketLimited	Vietnam	Food and household goods retailing	USD 461,000	USD 461,000	674,220	51.00%	USD 557,000	VND824,258,000	"	subsidiary of a subsidiary	
President Chain Store (Labuan) Holdings Ltd.	PhilippineSeven Corp.	Philippines	Food and household goods retailing	USD 20,656,000	USD 20,656,000	134,257,625	56.59%	USD 9,523,000	PHP 22,044,000	"	"	
Philippine SevenCorp.	Convenience Distribution Inc. etc.	Philippines	—	PHP 87,742,000	PHP 87,742,000	skipped	40.00%~100.00%	PHP 98,176,000	skipped	"	skipped	
PCSC (China) Limited	PCSC (China) Drugstore Limited ect.	BVI	Professional investments	USD 20,672,000	USD 14,272,000	skipped	100.00%	USD 14,950,000	skipped	"	subsidiary of a subsidiary	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co.,	China	Household goods retailing	USD 3,932,000	USD 3,932,000	skipped	65.00%	USD 1,909,000	(RMB3,001,000)	"	"	
President Cosmed Chain Store (Shen Zhen) Co.,	Zhuhai Livzon Drugstore Chain Company Limited	China	Medicine retailing	RMB 8,280,000	RMB 4,200,000	skipped	90.00%	RMB 4,690,000	(RMB 600,000)	"	"	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	China	Wholesaling and retailing of goods	USD 16,668,000	USD 10,278,000	skipped	55.00%~100.00%	USD 13,011,000	skipped	"	"	

Note: Investee of the Subsidiary under the equity method.

2. Information of investees where the Company has direct or indirect control:

(1) Loans to third parties

Lenders	Borrowers	Account titles	Maximum balance in current period	Balance at ending of period	Interest interval	Nature of loans	Amount of Business transactions	Reasons necessary for offering short-term loans	Collaterals		Limit of loans to particular borrower	Limit of total loans	
									Allowance for doubtful accounts	Name Value			
Store Sites Holdings Inc.	Convenience Distribution Inc.	Other accounts receivable	PHP 9,000,000	PHP 9,000,000	10% ~ 10.95%	Note1	-	Working capital	\$ -	—	\$ -	Note 2	Note 2

Note 1: Necessary for granting short-term loans.

Note 2: The Company limits its loans to external parties at 40% of its net worth. Short-term loans to a particular enterprise for necessity may be up to PHP 10,000

(2) Act as guarantor in favor of a third party

Name of Guarantor	Name of Guarantee		Limit of guarantee to particular enterprise (Note)	Maximum Balance in current period	Balance at ending	Guarantee with Collateral	Accumulated amount of guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit for guarantee (note)
	Company Name	Affiliation						
President Information Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	Note	\$ 2,000	\$ 2,000	\$ 2,000	0.56%	Note
Mech-President Corp.	Shanghai President Machine Corp.	Subsidiary of a subsidiary	Note	98,858	98,858	-	14.41%	Note

Note: Upper limit of guarantee undertaken by the Company at 50% of its net work and to a particular enterprise at 20% of its net worth.

(Blank hereunder)

(3) Holding of marketable securities at ending:

Holder of securities	Types and names of securities	Affiliation with security issuers	Account titles	Quantity of shares at ending	Book value	Proportion of shareholding	Market price	Remarks
President Coffee Corp.	CAPITAL INCOME FUND etc.	None	Financial assets which change in fair values are recognized as gains or losses—current	-	\$ 155,000	-	\$ 155,018	
Ren-Hui Investment Corp.	NITC Bond Fund etc.	None	"	-	146,710	-	146,710	
Wisdom Distribution Service Corp.	ABN AMRO BOND FUND etc.	"	"	-	118,000	-	113,315	
Vision Distribution Service Corp.	Fuh-Hwa Fund	"	"	-	121,500	-	122,306	
President Information Corp. etc.	Cathay Bond Fund	"	"	-	414,328	-	414,969	
President Jing Corp.	Ta Chong Bond Fund	"	Available-for-sale financial assets—current	-	1,000	-	1,000	
Ren-Hui Investment Corp.	Toppoly Optoelectronics Corp.	None	Financial assets carried at cost—noncurrent	62,800,000	690,037	-	690,037	
Retail Support Taiwan Corp.	President Logistics International Corp.etc.	Skipped	"	-	27,586	-	27,586	
President Chain Store (BVI) Holdings Ltd.	Global Strategic Investment Inc.	"	"	-	USD 2,974,000	-	USD 2,974,000	
Uni-President Oven Bakery Corp.	Corporate bond of President Transnet Corp.	"	Investments in bonds with no public quotations—current	-	\$50,000	-	\$50,000	
Retail Support International Corp.	Retail Support Taiwan Corp. etc.	"	Long-term investments (Equity method)	-	137,422	-	137,638	
Wisdom Distribution Service Corp. etc.	President Logistics International Corp. etc.	"	"	-	360,497	-	363,837	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd. etc.	"	"	-	USD 20,185,000	-	USD 21,895,000	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Subsidiary	"	134,257,625	USD 9,523,000	56.59%	PHP 332,601,000	
Philippine Seven Corp.	Convenience Distribution Inc. etc.	Skipped	"	-	PHP 98,176,000	-	PHP 68,372,000	
PCSC (China) Limited	PCSC (China) Drugstore Limited	Subsidiary	"	-	USD 14,950,000	-	USD 14,950,000	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	"	"	-	USD 1,909,000	65.00%	USD 2,237,000	
President Cosmed Chain Store (Shen Zhen) Corp.	Zhuhai Livzon Drugstore Chain Company Limited	"	"	-	RMB 4,690,000	90.00%	RMB 1,585,000	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	"	"	-	USD 13,011,000	-	USD 11,983,000	

(4) The amount of the same securities cumulatively bought or sold that exceeds NT\$100 million or 20% of the paid-in capital.

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost		Quantity of share	Amount
Retail Support International Corp.	UPAMC JAMES BOND Fund	Note	Not applicable	Not applicable	13,342,157	\$ 205,770	9,783,183	\$ 151,202	22,238,593	\$ 343,371	\$ 343,246	\$ 125	886,747	\$13,726
Wisdom Distribution Service Corp.	NITC Bond Fund	"	"	"	1,181,591	194,311	799,148	131,701	1,980,739	326,108	326,012	96	-	-
Mech-President Corp.	Fuh-Hwa Bond Fund	"	"	"	-	-	30,621,998	409,000	27,929,798	373,169	373,000	169	2,692,200	36,000
	Ta Chong Bond Fund	"	"	"	-	-	19,172,440	250,000	19,172,440	250,084	250,000	84	-	-
	CAPITAL INCOME FUND	"	"	"	-	-	14,744,991	220,000	14,744,991	220,091	220,000	91	-	-
	Fuh-Hwa Bond Fund	"	"	"	-	-	7,490,873	100,000	7,490,873	100,027	100,000	27	-	-

Note 1: Recognized under the account title of "Financial instruments in which changes in fair value are recognized as gains or losses –current".

(5) The acquisition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

(6) The disposition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

(Blank hereunder)

(7) Purchase and sales with related parties exceeding NT\$100 million or 20% of the paid-in capital:

Buyer/seller	Counter parties	Affiliation	Status of trade			Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remarks	
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance		Percentage to total note, account receivables (payables)
Uni-President Cold-Chain Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchase	\$ 1,449,028	44%	O/A settlement from 30~45 days	No significant difference	No significant difference	(\$ 790,951)	(45%)	
	President Musashino Corp.	Investees of President Chain Store Corp. under equity method	"	281,060	9%	O/A settlement from 25~30 days	"	"	( 97,406)	(6%)	
	President Chain Store Corp.	Parent	Sales	( 3,631,199)	(99%)	O/A settlement from 15~30 days	"	"	1,313,652	98%	
Retail Support International Corp.	President Chain Store Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Sales	( 10,618,014)	(93%)	O/A settlement from 10~80 days	"	"	3,345,029	82%	
	Uni-President Enterprises Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Purchase	304,883	3%	O/A settlement from 20~40 days	"	"	( 78,168)	(1%)	
	Lien Bo Enterprises	Affiliate	"	264,823	2%	O/A settlement from 20~70 days	"	"	( 102,499)	(2%)	
	Tung Ang Enterprise Corp.	Affiliate	"	446,406	4%	O/A settlement 30 days	"	"	( 170,200)	(3%)	
	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	Sales	( 791,944)	(7%)	O/A settlement 50 days	"	"	595,839	15%	
President Information Corp.	President Chain Store Corp.	Parent	Service income	( 128,323)	(76%)	O/A settlement 30 days	"	"	57,674	77%	
President Transnet Corp.	President Chain Store Corp.	Parent	Sales	( 179,947)	(21%)	O/A settlement 15 days	"	"	51,565	17%	
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent	"	( 2,072,557)	(99%)	O/A settlement from 25~35 days	"	"	1,450,581	98%	
President Drugstore Business Corp.	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method	Purchase	882,671	98%	O/A settlement 50 days	"	"	( 583,486)	(97%)	
Vision Distribution Service Corp.	Retail Support International Corp.	Parent	Sales	( 102,865)	(45%)	O/A settlement 35 days	"	"	71,692	40%	
President Logistics International Corp.	Retail Support International Corp.	Parent	"	( 126,393)	(39%)	O/A settlement 20 days	"	"	47,374	30%	
	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	"	( 110,460)	(34%)	O/A settlement 45 days	"	"	77,364	49%	
President Musashino Corp.	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	"	( 281,079)	(99%)	O/A settlement 25 days	"	"	97,413	99%	

(8) Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital.

Company of receivables on book	Counter parties	Affiliation	Balance of Receivables With Related Party	Turnover Rate	Amount	Processing by	Receivables with Related Party After Period Collection	Allowance for doubtful accounts
Uni-President Cold-Chain Corp.	President Chain Store Corp.	Parent	\$ 1,313,652	2	\$ -	-	\$ 1,311,567	\$ -
Retail Support International Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	595,839	2	-	-	456,959	-
	President Chain Store Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	3,345,029	3	-	-	2,743,312	-
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent	1,450,581	2	-	-	1,450,581	-

(9) Trading of Derivative Products:

Until March 31, 2007, the outstanding financial derivatives transactions are:

Companies holding derivatives	Derivatives	Contract amount (unit: thousand)	Date of maturity	Book value	Fair value
President Pharmaceutical Corp.	Forward contracts purchased in advance	EUR137,408.98	2007.04.11	\$ -	\$ 131

(III) Information on investments in China

1. Basic information on direct investments in China

Names of investees in Mainland China	Major business activities	Paid-up Capital	Investment Method	Amount remitted from Taiwan in accumulation at the beginning of the present term	Investment Remittance or Regain during the fiscal Year		Amount remitted from Taiwan in accumulation at the end of the present term	The Company' s Direct or Indirect Investment Holding Ratio	Investment Profit or Loss for Current Period (Note 5)	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term
					Remittance	Regain					
Shanghai President Coffee Corp.	Coffee and accessories trade	USD 5,110,000	Invested through the third region (Note 1)	USD 2,000,000	-	-	USD 2,000,000	30%	USD 217,000	USD 3,413,000	—
Presiclerc (Shaotou) Ltd.	Food processing, packing and sales	USD 5,200,000	Invested through the third region (Note 2)	USD 2,470,000	-	-	USD 2,470,000	48.41%	(USD 1,000)	(USD 875,000)	—
Presiclerc (Qingdao) Ltd.	Food processing, packing and sales	USD 5,000,000	Invested through the third region (Note 2)	USD 2,185,000	-	-	USD 2,185,000	48.41%	(USD 375,000)	(USD 1,681,000)	—
Presiclerc (Beijing) Ltd.	Food processing, packing and sales	USD 4,238,000	Invested through the third region (Note 2)	-	-	-	-	36.55%	(USD 36,000)	(USD 90,000)	—
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Household goods retailing	RMB 50,000,000	Invested through the third region (Note 3)	USD 3,932,000	-	-	USD 3,932,000	65%	(USD 253,000)	USD 1,909,000	—
Shan Dong President Yinzuo Commercial Limited	Wholesaling and retailing of goods	RMB 60,000,000	Invested through the third region (Note 4)	USD 4,078,000	-	-	USD 4,078,000	55%	USD 746,000	USD 5,519,000	—
Shan Dong President Yinzuo Commercial Limited	Wholesaling and retailing of goods	RMB 50,000,000	Invested through the third region (Note 4)	USD 6,200,000	-	-	USD 6,200,000	100%	(USD 21,000)	USD 1,797,000	—
PCSC (CHENGDU) Hypermarket Limited	Wholesaling and retailing of goods	RMB 50,000,000	Invested through the third region (Note 4)	USD 6,390,000	-	-	USD 6,390,000	100%	(USD 390,000)	USD 6,055,000	—

Amount accumulated, remitted from Taiwan for investment in Mainland China at the end of the current term	Investment Amount Approved by Investment Commission of MOEAIC	Mainland China Investment Ceiling As Regulated by Investment Commission of MOEAIC
USD 27,255,000	USD 37,020,000	NTD 4,867,799

Note 1: Invested through President Coffee (Cayman) Holdings Ltd., the investee of President Chain Store (BVI) Holdings Ltd.

Note 2: Invested through Presiclerc Limited, the investee of President Chain Store (BVI) Holdings Ltd.

Note 3: Invested through PCSC (China) Drugstore Ltd., the subsidiary of PCSC (China) Ltd.

Note 4: Invested through PCSC (China) Supermarket Ltd., the subsidiary of PCSC (China) Ltd.

Note 5: These figures were based on unaudited financial statements of investees covering the same period.

2. Information on major transactions, prices, terms and conditions of payment, unrealized gains/losses of investees in China directly and indirectly held by the Company via a third country and information helpful for understanding the effect of investment in China on the presentation of the financial statements.

(1) Amount and percentage of purchases made and the balances of related payables at the ending of period and percentage: None.

(2) Amount and percentage of sales and the balances of related receivables at the ending of period and percentage: None.

(3) Amount of asset trade and the resulting gains and losses: None.

(4) Balances of guarantee or collaterals pledged at ending of period and the purposes: None.

(5) Upper limit of loans, balance at ending of period, interest range and total interests: None.

(6) Other gains and losses or significant financial issues in current period: None.

XII. Financial information by department

Not applicable

(Blank hereunder)