

President Chain Store Corporation

Financial Report

2007 and 2006 ended on June 30

(Stock Code 2912)

[Translated Version]

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President Chain Store Corporation
Financial Statements for 2007 and 2006 ended on June 30
Subject Index

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Independent Auditor's Report

(96) Tsai-Shen-Bao-Zhi No. 07000464

To: President Chain Store Corporation

We have audited the President Chain Store Corporation's balance sheets prepared on June 30, 2007 and 2006, the income statements, statements of change in shareholders' equity and statements of cash flow covering the period of January 1 to June 30, 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 the audit in accordance with the "Standards on the Audit of Financial Statements" and the accounting principles generally accepted in the Republic of China except those specified in subsequent paragraphs. These principles and standards required the undersigned to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Note IV (6) in the section of Notes to Financial Statements indicated that President Chain Store Corporation's balances of long-term investment income under Equity Method for the periods from January 1 to June 30, 2007 and 2006, were stated at NT\$108,207 thousand and NT\$156,216 thousand. The aforementioned financial information and related information on investees as disclosed in Note XI are based on the unaudited financial statements of relevant investees covering the same period. The related balances of long-term investment under equity method as of January 1 to June 30, 2007 and 2006 was NT\$7,100,425 thousand and NT\$5,620,092 thousand.

According to our review, except for some of the financial statements of long-term equity investments evaluated under Equity Method that may cause minor adjustment to the financial statements afterwards if they are audited by a CPA, the financial statements referred to in Paragraph 1 present fairly in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", "Business Accounting Law", "Business Accounting Guidelines" and generally accepted accounting principles in the Republic of China in all materials aspects and the financial position of President Chain Store Corporation as of June 30, 2007 and 2006, the result of its operations and its cash flows for the periods of January 1 to June 30, 2007 and 2006.

As stated in Note III, President Chain Store Corporation has adopted the principle under the Statement of Financial Accounting Standards No. 34 on “Financial Instruments: Recognition and Measurement” and No. 36 on “ Financial Instruments: Disclosure and Presentation” effective January 1, 2006 on the accounting of its financial instruments. The Company has also adopted the newly amended Financial Accounting Standards No. 5 on Long-term Investments under the equity method, whereby goodwill is subject to annual impairment evaluation instead of amortization.

We have also audited President Chain Store Corporation’s consolidated financial statements for the periods ended on June 30, 2007 and 2006, and have expressed a qualified opinion thereon.

PRICEWATERHOUSECOOPERS

Tsai Ching-pao, CPA

Chen Mei-Tzu, CPA

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

(76) Tai-Tsai-Cheng (I) No. 11412
(82) Tai-Tsai-Cheng (VI) No. 39230

August 28, 2007

President Chain Store Corporation
Balance Sheet
Jun. 30, 2007 and 2006

	<u>Jun. 30, 2007</u>		<u>Jun. 30, 2006</u>			<u>Jun. 30, 2007</u>		<u>Jun. 30, 2006</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Assets</u>					<u>Liabilities and Shareholders' Equity</u>				
Current Assets					Current liability				
Cash and cash equivalents (Note IV(1))	\$ 3,425,778	9	\$ 1,519,192	4	Derivative financial liabilities for hedging-current (Note X)	\$ 9,915	-	\$ -	-
Financial assets whose changes in fair values are recognized in earnings-current (Note IV(2))	1,552,582	4	886,146	3	Notes payable	620,500	2	915,060	3
Investments in bonds with no public quotations-current	-	-	40,000	-	Notes payable - related parties (Note V)	2,134,308	5	664,935	2
Net accounts receivable	360,536	1	300,712	1	Accounts payable	281,752	1	245,474	1
Other accounts receivable (Note V)	469,925	1	311,625	1	Accounts payable - related parties (Note V)	6,360,127	16	5,331,782	16
Inventory (Note IV (3))	2,938,051	8	2,708,634	8	Income taxes payable (Note IV(14))	519,483	1	495,061	1
Other current assets (Notes IV (14), V and VII)	961,768	2	912,066	3	Accrued expenses (Notes IV (9) , and V)	1,975,408	5	1,770,094	5
Total current assets	9,708,640	25	6,678,375	20	Other accounts payable (Notes IV (10))	8,765,149	22	6,293,101	18
Funds and investments					Advance receipts (Note IV(11))	960,869	3	857,861	2
Available-for-sale financial assets-non current (Note IV(4))	731,389	2	434,064	1	Current portion of long-term liabilities (Note IV(12))	1,100,000	3	900,000	3
Financial assets measured at cost -non-current (Note IV(5))	12,283,586	31	12,182,287	36	Total current liabilities	22,727,511	58	17,473,368	51
Long-term equity investment under equity method (Note IV (6))	7,100,425	18	5,620,092	16	Long-term liability				
Total funds and investments	20,115,400	51	18,236,443	53	Derivative financial liabilities for hedging-non current (Note X)	-	-	19,975	-
Fixed assets					Corporate bonds (Note IV (12))	-	-	1,100,000	3
Costs					Total long-term liabilities	-	-	1,119,975	3
Lands	1,534,725	4	1,534,726	4	Other liabilities				
Building	931,189	2	927,852	3	Accrued pension liabilities	359,170	1	358,726	1
Machinery and equipment	9,326,214	23	8,214,767	24	Guarantee deposits received	1,689,222	4	1,474,365	5
Lease improvement	4,194,368	11	3,680,094	11	Total other liabilities	2,048,392	5	1,833,091	6
Other equipment	12,725	-	13,356	-	Total liabilities	24,775,903	63	20,426,434	60
Cost and revaluation	15,999,221	40	14,370,795	42	Shareholders' Equity				
Less: accumulated depreciation (Note IV (7))	(8,678,473)	(22)	(7,698,424)	(22)	Capital (Note IV (15))				
Construction in process and prepayment for equipment	4,929	-	3,200	-	Paid-in Capital	9,151,604	23	9,151,604	27
Net fixed assets	7,325,677	18	6,675,571	20	Retained earnings (Note IV (16))				
Other assets					Legal reserve	2,925,882	7	2,543,649	7
Assets leased to others (Notes IV (8) and VII)	1,314,061	3	1,004,781	3	Special reserve	-	-	531	-
Idle Assets	-	-	323,450	1	Unassigned retained earnings	2,148,427	6	1,720,590	5
Refundable deposit (Note VII)	968,270	3	1,040,418	3	Other adjustments in SH's equity				
Other assets-other (Note IV(14))	32,592	-	134,113	-	Unrealized revaluation gains (Note III)	455,868	1	273,556	1
Total other assets	2,314,923	6	2,502,762	7	Cumulative translation adjustment	6,956	-	(23,213)	-
Total Assets	\$ 39,464,640	100	\$ 34,093,151	100	Total shareholders' equity	14,688,737	37	13,666,717	40
					Undertakings or contingent liabilities (Notes V and VII)				
					Total liabilities and shareholders' equity	\$ 39,464,640	100	\$ 34,093,151	100

Please refer to the accompanying notes and audit report made by Tsai Ching-pao and Chen Mei-Tzu, CPAs of PRICEWATERHOUSECOOPERS on August 28, 2007.

Chairman: Kao Chin-Yen

President: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation
Income Statements
Jan. 1 to Jun. 30, 2007 and 2006

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

	<u>Jan. 1 to Jun. 30, 2007</u>		<u>Jan. 1 to Jun. 30, 2006</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating revenue				
Net sales	\$ 49,636,551	97	\$ 45,827,002	97
Other operating revenue (Note V)	<u>1,702,956</u>	<u>3</u>	<u>1,625,782</u>	<u>3</u>
Total operating revenue	51,339,507	100	47,452,784	100
Cost of operation				
Cost of goods sold (Note V)	(<u>36,112,593</u>)	(<u>70</u>)	(<u>33,338,050</u>)	(<u>70</u>)
Gross Profit	<u>15,226,914</u>	<u>30</u>	<u>14,114,734</u>	<u>30</u>
Operating expenses (Notes IV(18) and V)				
Selling expenses	(11,879,410)	(23)	(10,767,067)	(23)
General and administration exp.	(<u>1,321,916</u>)	(<u>3</u>)	(<u>1,485,551</u>)	(<u>3</u>)
Total operating expenses	(<u>13,201,326</u>)	(<u>26</u>)	(<u>12,252,618</u>)	(<u>26</u>)
Operating income	<u>2,025,588</u>	<u>4</u>	<u>1,862,116</u>	<u>4</u>
Non-operating incomes				
Gain on valuation of financial assets	5,683	-	-	-
ROI under equity method (Note IV (6))	108,207	-	156,216	-
Dividend Income	10,928	-	22,652	-
gains on disposal of investment	106,297	-	31,221	-
Miscellaneous incomes (Note V)	<u>361,747</u>	<u>1</u>	<u>315,891</u>	<u>1</u>
Total non-operating income	<u>592,862</u>	<u>1</u>	<u>525,980</u>	<u>1</u>
Non-operating expenses				
Interest expenses	(28,044)	-	(35,465)	-
Loss of value of financial assets	-	-	(50,816)	-
Allowance for reduction of inventory to market	-	-	(33,744)	-
Impairment loss (Note IV(5))	-	-	(89,743)	(1)
Other expenses	(<u>31,298</u>)	-	(<u>47,772</u>)	-
Total non-operating expenses	(<u>59,342</u>)	-	(<u>257,540</u>)	(<u>1</u>)
Income before tax	2,559,108	5	2,130,556	4
Income tax expense (Note IV (14))	(<u>437,504</u>)	(<u>1</u>)	(<u>509,253</u>)	(<u>1</u>)
Earnings of continued operations	2,121,604	4	1,621,303	3
Accumulated effects from changes in accounting principles (Note III)	<u>-</u>	<u>-</u>	<u>373</u>	<u>-</u>
Net income	<u>\$ 2,121,604</u>	<u>4</u>	<u>\$ 1,621,676</u>	<u>3</u>
	<u>(pre-tax)</u>	<u>(after tax)</u>	<u>(pre-tax)</u>	<u>(after tax)</u>
Basic EPS (Note IV (17))				
Net income	<u>\$ 2.80</u>	<u>\$ 2.32</u>	<u>\$ 2.33</u>	<u>\$ 1.77</u>

Please refer to the accompanying notes and audit report
made by Tsai Ching-pao and Chen Mei-Tzu, CPAs of PRICEWATERHOUSECOOPERS on on August 28, 2007.

Chairman: Kao Chin-Yen

President: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation
Statement of Changes in Shareholders' Equity
Jan. 1 to Jun. 30, 2007 and 2006

Currency expression: NTD 1,000

	<u>Retained Earnings</u>				<u>Unrealized revaluation gains</u>	<u>Cumulative translation adjustment</u>	<u>Total</u>
	<u>Paid-in Capital</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unassigned retained earnings</u>			
<u>January 1 to June 30, 2006</u>							
Balance at Jan.01.2006	\$ 9,151,604	\$ 2,178,381	\$ 55,758	\$ 3,787,913	\$ -	(\$ 531)	\$ 15,173,125
Appropriation of earnings in 2005:							
Legal reserve	-	365,268	-	(365,268)	-	-	-
Reversion of special reserve	-	-	(55,227)	55,227	-	-	-
Employee bonus	-	-	-	(200,559)	-	-	(200,559)
Remuneration to Directors & Supervisors	-	-	-	(66,853)	-	-	(66,853)
Cash dividends	-	-	-	(3,111,546)	-	-	(3,111,546)
Net profits on June 30, 2006	-	-	-	1,621,676	-	-	1,621,676
Unrealized revaluation gains	-	-	-	-	273,556	-	273,556
Adjustments of conversion from foreign							
long-term investments	-	-	-	-	-	(22,682)	(22,682)
Balance at 30.06.2006	<u>\$ 9,151,604</u>	<u>\$ 2,543,649</u>	<u>\$ 531</u>	<u>\$ 1,720,590</u>	<u>\$ 273,556</u>	<u>(\$ 23,213)</u>	<u>\$ 13,666,717</u>
<u>January 1 to June 30, 2007</u>							
Balance at Jan.01.2007	\$ 9,151,604	\$ 2,543,649	\$ 531	\$ 3,921,243	\$ 359,191	\$ 6,956	\$ 15,983,174
Appropriation of earnings in 2006:							
Legal reserve	-	382,233	-	(382,233)	-	-	-
Reversion of special reserve	-	-	(531)	531	-	-	-
Employee bonus	-	-	-	(275,250)	-	-	(275,250)
Remuneration to Directors & Supervisors	-	-	-	(34,406)	-	-	(34,406)
Cash dividends	-	-	-	(3,203,062)	-	-	(3,203,062)
Net profit on June 30, 2007	-	-	-	2,121,604	-	-	2,121,604
Unrealized revaluation gains	-	-	-	-	96,677	-	96,677
Balance at Jun.30, 2007	<u>\$ 9,151,604</u>	<u>\$ 2,925,882</u>	<u>\$ -</u>	<u>\$ 2,148,427</u>	<u>\$ 455,868</u>	<u>\$ 6,956</u>	<u>\$ 14,688,737</u>

Please refer to the accompanying notes and audit report made by Tsai Ching-pao and Chen Mei-Tzu, CPAs of PRICEWATERHOUSECOOPERS on on August 28, 2007.

Chairman: Kao Chin-Yen

President: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation
Statement of Cash Flow
Jan. 1 to Jun. 30, 2007 and 2006

Currency expression: NTD 1,000

	<u>Jan. 01 to Jun. 30, 2007</u>	<u>Jan. 01 to Jun. 30, 2006</u>
<u>Cash flows from operating activities</u>		
Net income	\$ 2,121,604	\$ 1,621,676
Adjustments to reconcile net income to net cash provided by operating activities		
Loss (gain) on valuation of financial assets	(5,683)	50,816
Reversal of allowance for doubtful accounts to income	168	10,198
Loss (gain from recovery) on inventory obsolescence and devaluation	(9,437)	33,744
Depreciation	854,015	826,459
Depreciation of leased assets	7,085	7,085
Amortizations	49,017	196,672
Gain on disposal of financial assets measured at cost	(119,747)	-
Financial assets measured at cost – impairment losses	-	89,743
Cash dividends from Long-term equity investment under equity method	-	32,500
Investment income recognized under equity method	(108,207)	(156,216)
Disposal gain on long-term investment under equity method	-	(52,380)
Loss (gain) on disposal of fixed assets	12,671	(353)
Changes in assets and liabilities		
Accounts receivable	(58,964)	81,550
Other accounts receivable	(42,758)	68,046
Inventory	(47,832)	13,088
Deferred income tax assets	(17,647)	(3,887)
Other current assets	(60,253)	(93,759)
Notes payable	210,692	70,320
Accounts payable	1,457,767	1,144,442
Income taxes payable	(142,741)	(112,782)
Accrued expenses	(446,560)	(285,195)
Other accounts payable	749,625	(687,291)
Advance receipts	(62,277)	12,256
Accrued pension liabilities	690	(1,026)
Net cash provided by operating activities	<u>4,341,228</u>	<u>2,865,706</u>
<u>Cash flows from investing activities</u>		
Increase in Financial assets-current-whose changes in fair value are recognized in earnings	(1,415,826)	(932,009)
Acquisition of long-term investment-equity method	(639,709)	(52,500)
Proceeds from disposal of long-term investment – equity method	-	94,989
Proceeds from sale of financial assets measured at cost	361,415	7,697
Acquisition of Financial assets measured at cost	(269,055)	(285,000)
Decrease of investments in bonds with no public quotations	20,000	20,000
Increase in refundable deposits	(30,667)	(161,543)
Purchase of fixed assets	(1,368,244)	(703,269)
Proceeds from disposal of fixed assets	6,957	38,008
Decrease (increase) in other assets-others	(4,457)	8,601
Net cash provided by investing activities	<u>(3,339,586)</u>	<u>(1,965,026)</u>

(Continue)

President Chain Store Corporation
Statement of Cash Flow
Jan. 1 to Jun. 30, 2007 and 2006

Currency expression: NTD 1,000

	<u>Jan. 01 to Jun. 30, 2007</u>	<u>Jan. 01 to Jun. 30, 2006</u>
<u>Cash flows from financing activities</u>		
Repayment of long-term debt	\$ -	(\$ 1,320,000)
Payback of corporate bond	(900,000)	(200,000)
Increase in guarantee deposits received	120,128	129,299
Remuneration to Directors & Supervisors	(34,406)	(66,853)
Net cash provided by financing activities	(814,278)	(1,457,554)
Increase (decrease) in cash and cash equivalent in the current period	187,364	(556,874)
Beginning balance of cash and cash equivalent	<u>3,238,414</u>	<u>2,076,066</u>
Ended balance of cash and cash equivalent	<u>\$ 3,425,778</u>	<u>\$ 1,519,192</u>
<u>Supplement disclosures of cash flow information</u>		
Interest paid	<u>\$ 51,206</u>	<u>\$ 51,310</u>
Income tax paid	<u>\$ 597,892</u>	<u>\$ 625,921</u>
<u>Investing activities of partial payment on cash</u>		
Purchase of fixed assets	\$ 1,347,998	\$ 585,300
Plus: Beginning balance of accounts payable on equipment	278,844	211,747
Less: end balance of accounts payable on equipment	(258,598)	(93,778)
Cash disbursement in current period	<u>\$ 1,368,244</u>	<u>\$ 703,269</u>
<u>Financing activities which do not affect cash flow</u>		
Declared unallocated cash dividends	<u>\$ 3,203,062</u>	<u>\$ 3,111,546</u>

Please refer to the accompanying notes and audit report
made by Tsai Ching-pao and Chen Mei-Tzu, CPAs of PRICEWATERHOUSECOOPERS on on August 28, 2007.

Chairman: Kao Chin-Yen

President: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation

Notes on Financial Statements

June 30, 2007 and 2006

Currency expression: NTD 1,000

(Unless otherwise specified)

I. Company history

- (I) 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 investment and operation of convenience stores, retail and sale of foodstuffs and canned goods, books, newspapers and 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 the ultimate parent Company are Uni-President Enterprises Corp.
- (III) As of Jun. 30, 2007, the Company has 8,770 employees (including part-time workers).

II. Summary of significant accounting policies

The financial statement was 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) 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) Held for trading purposes.
 - (3) It is expected to be liquidated within twelve months from the date on the Balance Sheet.
 - (4) Debts that can not be unconditionally deferred in liquidation after twelve months from the date on the Balance Sheet.

(II) Cash equivalent

Cash equivalent is a short-term investment with high liquidity that conforms to the following:

1. Can be converted into cash at any time.
2. Will be due soon and its value will not be affected by interest rate changes.

The company's Cash Flow Statement is prepared on the basis of cash and cash equivalent.

(III) Foreign currency exchange

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 transaction. 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 that result 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.

(IV) Financial assets whose changes in fair value are recognised in earnings

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 whose changes in fair value are recognized in earnings shall be estimated on the basis of fair value and in which changes are recognized as gains or losses. For stocks with public quotations in centralized markets, the fair value shall be the price at close in open market as of the balance sheet day. For open-ended funds, the fair value shall be the net asset value of the funds as of the balance sheet day.

(V) Financial assets 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 on the open market as of the balance sheet day.

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.

(VI) Investments in bonds with no public quotations listed on 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.

(VII) Financial assets measured 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.

(VIII) 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.

(IX) 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 end of period.

(X) Inventory

Bookkeeping of inventory 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.

(XI) Long-term investments (Equity method)

1. The Company adopts the equity method to account for the investees where the Company holds more than 20% of their voting shares or where the Company has significant influence. If the difference in the cost of investments and net value of equity exceeds the fair value of identifiable net assets, the spread can be recognized as goodwill and be subject to impairment test yearly. Spread being amortized in previous years cannot be adjusted retrospectively. Investees where the Company holds more than 50% of the voting shares or holds a dominant position shall be accounted for under the equity method and their annual and interim financial statements shall be consolidated with the Company.
2. The investment loss of the invested company that is valued with Equity Method and is influential but not wholly owned is recognized to have 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 intention to support the invested company continuously, investment loss is to be recognized proportionally to shareholdings.
3. In order to have 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 service 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 service 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 flow 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 defined benefit pension plan are recognized on the basis of actuarial calculations. Net pension cost covers the cost of service in 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 credits are recognized as deferred income tax assets. The valuation allowance is recognized on deferred income tax assets that are 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.

2. The levy of 10% income tax on unallocated retained earnings under the new Tax Code is recognized as income tax expenses incurred in the year of shareholders meeting resolution.
3. Tax credits on the acquisition of specific machinery and equipment, human resources training are accounted for as deductions for 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 profit. 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. Changes in fair value of asset transactions between the transaction day and the delivery day carried at cost or cost after amortization will not be recognized. For assets whose change in fair value are recognized as gains or losses, such changes shall be recognized as current gains or losses. For assets available for disposal, such changes shall be recognized 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) 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.
2. Such changes in accounting principles resulted in an increase of NT\$273,556 under the title of other adjustments in shareholders' equity as of June 30, 2006 (Credited as "Unrealized gains or losses on financial instruments"). The net profit for the current period increased by \$6,725 and EPS increased by \$0.01 in the first half year of 2006.

(II) No amortization for goodwill

1. The Company has adopted the principles under amended Financial Accounting Standards No. 1, 5, 7, 25 and 35 since January 1, 2006 whereby goodwill shall no longer be subject to amortization.
2. The said accounting policy change caused the total assets of the Company from June 30, 2006 and earnings in the first six months of 2006 to go up by NT\$82,127 respectively. EPS increased by NT\$0.09.

IV. Summary on major account titles

(I) Cash and cash equivalence

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Cash on hand and working capital of stores	\$1,508,066	\$363,945
Current account deposits and checking account deposits	1,327,712	1,155,247
Cash equivalence		
Short term bills and notes	<u>590,000</u>	<u>-</u>
	<u>\$3,425,778</u>	<u>\$1,519,192</u>

(II) Financial instruments whose changes in fair value are recognized in earnings - current

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Financial instruments held for trading		
Stocks with public quotations	\$50,506	\$403,302
Open-ended funds	<u>1,500,000</u>	<u>545,000</u>
	1,550,506	948,302
Valuation Adjustment	<u>2,076</u>	<u>(62,156)</u>
	<u>\$1,552,582</u>	<u>\$886,146</u>

(III) Inventory

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Merchandise	\$2,938,513	\$2,805,235
Less: Allowance for inventory losses	(462)	(96,601)
	<u>\$2,938,051</u>	<u>\$2,708,634</u>

(IV) Available-for-sale financial assets - non-current

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Stocks with public quotations	\$265,606	\$140,534
Valuation Adjustment	465,783	293,530
	<u>\$731,389</u>	<u>\$434,064</u>

(VI) Financial assets carried at cost - non-current

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Stocks listed in the emerging market	\$1,742,880	\$1,742,880
Stocks with no public quotation	10,574,392	10,614,630
Subtotal	12,317,272	12,357,510
Accumulated impairment	(33,686)	(175,223)
Total	<u>\$12,283,586</u>	<u>\$12,182,287</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.

(VI) Long-term investments under equity method

Investees	June 30, 2007		June 30, 2006	
	Amount	Proportion of shareholding	Amount	Proportion of shareholding
President Chain Store (BVI) Holdings Ltd.	\$980,085	100.00	\$1,179,412	100.00
PCSC (China) Limited	753,120	100.00	330,470	100.00
Ren-Hui Investment Corp.	872,107	100.00	858,914	100.00
Mech-President Corp.	434,449	62.95	420,270	62.95
Uni-President Cold-Chain Corp.	391,669	60.00	361,625	60.00
President Pharmaceutical Corp.	345,163	73.74	65,708	20.00
President Drugstore Business Corp.	455,259	100.00	374,280	100.00
President Yilan Art and Culture Corp.	122,939	90.00	88,220	90.00
President Information Corp.	203,515	56.00	192,905	56.00
President Transnet Corp.	226,605	70.00	219,287	70.00
Wisdom Distribution Service Corp.	202,378	100.00	187,165	100.00
Uni-President Department Store Corp.	351,029	70.00	36,223	70.00
Uni-President Development Corp.	168,403	20.00	180,285	20.00
Mister Donut Taiwan Corp.	140,616	50.00	135,288	50.00
Uni-President Oven Bakery Corp.	58,125	60.00	110,441	60.00
President Coffee Corp.	141,363	30.00	154,038	30.00
Q-ware Systems & services Corp.	147,566	22.68	178,338	22.68
President Musashino Corp.	226,848	40.00	-	-
Retail Support International Corp.	137,074	25.00	97,956	25.00
Duskin Serve Taiwan Co.	104,021	51.00	87,595	51.00
Marks and Spencer Taiwan Co., Ltd.	107,461	40.00	-	-
Muji Taiwan Co. etc	530,630	20.00~	361,672	20.00~
		100.00		100.00
	<u>7,100,425</u>		<u>5,620,092</u>	

1. The long-term equity investment income valued under the equity method in 2007 and 2006 amounted to NT\$108,207 and NT\$156,216, respectively, in accordance with the financial statements unaudited and uncertified by the CPA that was appointed by the invested company.
2. The Company prepares separate consolidated financial statements for all investees where it occupies a dominant position in 2007 and 2006.

(VII) Accumulated depreciation

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Buildings	\$148,233	\$130,668
Machinery and equipment	5,829,552	5,284,351
Lease improvement	2,688,826	2,271,281
Other equipment	11,862	12,124
	<u>\$8,678,473</u>	<u>\$7,698,424</u>

(VIII) Assets leased to others

	<u>June 30, 2007</u>		
	<u>Initial cost</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
Land	\$915,084	\$ -	\$915,084
Buildings	424,091	(25,114)	398,977
	<u>\$1,339,175</u>	<u>(\$25,114)</u>	<u>\$1,314,061</u>
	<u>June 30, 2006</u>		
	<u>Initial cost</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
Land	\$689,897	\$ -	\$689,897
Buildings	\$323,154	(8,270)	\$314,884
	<u>1,013,051</u>	<u>(\$8,270)</u>	<u>1,004,781</u>

(IX) Accrued expenses

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Payable salaries and bonuses	\$706,865	\$664,138
Payable incentives for franchisee	530,000	431,827
Payable fees for system development and maintenance	124,059	112,728
Others	614,484	561,401
	<u>\$1,975,408</u>	<u>\$1,770,094</u>

(X) Other accounts payable

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Bills collected for others	\$4,825,991	\$2,647,440
Payable cash dividends	3,203,062	3,111,546
Payable employee bonuses	275,250	200,559
Payable for purchase of fixed assets	258,598	93,778
Others	202,248	239,778
	<u>\$8,765,149</u>	<u>\$6,293,101</u>

(XI) Advance receipts

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Advance receipts for coupons	\$640,532	\$567,471
Advance receipts for I-Cash cards	277,935	265,241
Others	42,402	25,149
	<u>\$960,869</u>	<u>\$857,861</u>

(XII) Corporate bonds

	<u>Term</u>	<u>June 30, 2007</u>	<u>June 30, 2005</u>
1 st tranche of secured bonds	Jan.16, 2002~Jan.18, 2007	\$ -	\$700,000
2 nd tranche of secured bonds	Jun.10, 2003~Jun.13, 2008	1,100,000	1,300,000
		1,100,000	2,000,000
Less: Current portion		(1,100,000)	(900,000)
		<u>\$ -</u>	<u>\$1,100,000</u>

Together with Taipei Fubon Bank and Bank of Taiwan Chung Lun Branch, the Company has pledged the issuance of its 2nd 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 an annual interest rate of 1.4%. Simple interest is payable once per year in accordance with the annual interest rate from the date of issuance;
2. Issue B: amounted to NT\$700 million, repayable in full when matured, at an annual interest rate of 4% less the LIBOR rate of six months or 4% less the promissory note rate for 180 days, and is renewable semi-annually. Simple interest is payable once semi-annually.

(XIII) 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 to 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. Until June 30, 2007 and 2006, the net pension costs recognized by the Company in accordance with said Act were \$43,604 and \$40,145 respectively, and the balances of pension fund contributed to the special pension fund account at the Central Trust of China were \$529,465 and \$439,153.
2. As of July 1, 2005, the Company has set the defined rules for contribution to pension fund according to the “Labor Pension Act”, which are applicable to the domestic employees. The Company shall contribute the amount equivalent to 6% of the monthly salary of employees to the individual pension accounts of the employees at 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. Pension cost under the defined pension plan was recognized as NT\$64,798 and NT\$60,806 on June 30, 2007 and 2006.

(XIV) Income Tax

1. Income tax and Income taxes payable

	Jan. 1 to Jun. 30, 2007	Jan. 1 to Jun. 30, 2006
Income taxes payable	\$519,483	\$495,061
Net variation of deferred income tax assets resulting from temporary differences	(17,647)	(3,887)
(Overestimated) underestimated income tax for the previous years	(66,240)	17,030
Income tax of interest income of commercial paper(tax rate 20%)	1,519	812
Prepaid income tax	389	237
Income tax expenses	\$437,504	\$509,253

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

	June 30, 2007		June 30, 2006	
	Amount	Effect of income tax	Amount	Effect of income tax
Current items (stated as other current assets in statement)				
Temporary difference				
Donation expense	\$83,922	\$20,981	\$ -	\$ -
Allowance for reduction of inventory to market	462	116	96,601	24,150
Bad debts	\$5,956	1,488	\$3,478	870
Employee fringe benefits	1,133	\$283	2,863	716
		<u>\$22,868</u>		<u>\$25,736</u>
Non-Current items (stated as other current in statement)				
Temporary difference				
Losses from overseas investments	\$777,531	\$194,383	\$456,916	\$114,229
Employee fringe benefits	-	-	1,133	283
		194,383		114,512
Less: allowance for reevaluation losses		<u>(194,383)</u>		<u>(114,229)</u>
		<u>\$ -</u>		<u>\$283</u>

3. The Company did not have the unallocated retained earnings levied with profit-making business income tax in the first six months of 2007 and 2006:

4. The breakdown of the income tax credit generated from January 1, to June 30, 2007 is specified as following:

Legal sources	Deductible items	Total deductible amount	Unconsumed deductible balance
Statute for the Encouragement of Industrial Upgrading	Human resources training	\$7,190	\$ -

5. Income tax returns filed by the company have been approved by taxation authorities up to tax year 2004.

6. Details of Unallotted retained earnings are shown as follows:

	June 30, 2007	June 30, 2006
Unpaid income carried forward to 1997	\$31,142	\$31,142
Unallotted retained earnings carried forward from 1998	2,117,285	1,689,448
Total	<u>\$2,148,427</u>	<u>\$1,720,590</u>

7. Information on new taxation system

	June 30, 2007	June 30, 2006
Balance of shareholders deduction account	<u>\$1,162,603</u>	<u>\$1,039,141</u>
	2006(Expected)	2005(Actual)
Proportion of deduction attributable to actual income payout	<u>33.44%</u>	<u>30.60%</u>

(XV) Capital

The Company has 960,000,000 authorized shares with 915,160,436 shares outstanding at face value NT\$10/share as of June 30, 2007 and 2006.

(XVI) Retained Earnings

1. The Articles of Incorporation of the Company dictate that, earnings in the year after account settlement shall be subject to corporate income tax under law, followed by the offsetting of losses carried forward. 10% of the remainder shall be allocated as statutory reserve and special reserve may also be allocated as there is debit to shareholders' equity. Upon the reverse of the debit to shareholder's equity, the reversed amount is to be converted to net income for distribution. The earnings net of the aforementioned deductions plus the unpaid incomes carried forward may be distributed to shareholders under proposal by the Board and 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. Dividend and bonus to shareholders shall be 80% to 100% of the income attributable to shareholders net of remuneration to directors and supervisors and employee bonus (of which 50% to 100% shall be paid out in cash dividend). 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. Under the resolutions of the shareholder general meeting, cash dividends paid out for the periods of the first six months of 2007 and 2006, amounted to NT\$3.5/share and NT\$3.4/share, respectively.

(XVII) Earnings per share

		Jan. 1 to Jun. 30, 2007				
		Amount		EPS		
				(currency: NTD)		
		(pre-tax)	(after-tax)	Number of outstanding shares – ending	(pre-tax)	(after tax)
Basic EPS						
Earnings for shareholders of common stock		<u>\$2,559,108</u>	<u>\$2,121,604</u>	<u>915,160,436</u>	<u>\$2.80</u>	<u>\$2.32</u>
		Jan. 1 to Jun. 30, 2006				
		Amount		EPS		
				(currency: NTD)		
		(pre-tax)	(after tax)	Number of outstanding shares – ending	(pre-tax)	(after tax)
Basic EPS						
Earnings for shareholders of common stock		<u>\$2,130,556</u>	<u>\$1,621,676</u>	<u>915,160,436</u>	<u>\$2.33</u>	<u>\$1.77</u>

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

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

	<u>Jan. 1 to Jun. 30, 2007</u>	<u>Jan. 1 to Jun. 30, 2006</u>
Human resources expenses		
Salaries	\$1,902,354	\$1,754,711
Labor and health insurance	134,636	133,442
Pension fund	108,402	100,951
Other human resources expenses	121,356	99,889
	<u>\$2,266,748</u>	<u>\$2,088,993</u>
Depreciation	<u>\$854,015</u>	<u>\$826,459</u>
Depletions	<u>\$ -</u>	<u>\$ -</u>
Amortizations	<u>\$49,017</u>	<u>\$196,672</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 equity method
Presco Netmarketing Inc.	//
Uni-President Dream Parks Corp.	//
President Tokyo Corp.	//
Tung Guan Enterprises Co., Ltd.	//
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 equity method.
Q-ware Systems & services Corp.	"
Marks and Spencer Taiwan Co., Ltd.	"
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	"
PCSC(China)Restaurant 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.	"
Shanghai Cold Stone Ice Cream Corporation	"
Philippines 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.	(The relationship has become extinguished upon sale of the company's equity in April 2007.)
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 International Corp.
President Being Corp.	A subsidiary of Tong-Ho Development Corp.
President Coffee (Cayman) Holdings Ltd.	Investee of President Chain Store(BVI) Holdings Ltd. under the equity method
Shanghai President Starbucks Coffee Corp.	A subsidiary of President Coffee (Cayman) Holdings Ltd.

(II) Major transactions with related parties

1. Other operating incomes - marketing bonuses

	Jan. 1 to Jun. 30, 2007		Jan. 1 to Jun. 30, 2006	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Retail Support International Corp.	\$ 104,131	12	\$ 109,210	14
Others	26,419	3	23,772	3
	<u>\$ 130,550</u>	<u>15</u>	<u>\$ 132,982</u>	<u>17</u>

2. Purchase (net less incentive for purchase)

	Jan. 1 to Jun. 30, 2007		Jan. 1 to Jun. 30, 2006	
	Amount	Ratio to the total purchase amount (net) of President Chain Store Corp.	Amount	Ratio to the total purchase amount (net) of President Chain Store Corp.
Retail Support International Corp.	\$21,624,560	58	\$20,672,974	61
Uni-President Cold-Chain Corp.	7,971,089	22	7,464,270	22
Wisdom Distribution Service Corp.	4,074,019	11	2,685,736	8
Uni-President Enterprises Corp.	804,942	2	767,225	2
Others	504,447	1	500,986	1
	<u>\$34,979,057</u>	<u>94</u>	<u>\$32,091,191</u>	<u>94</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 and sales 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 in accordance with their internal procedures. The

aforementioned purchase cost is based on the negotiated prices plus a commission on the payment.

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

	<u>Jan. 1 to Jun. 30, 2007</u>		<u>Jan. 1 to Jun. 30, 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.	\$120,037	64	\$114,184	63
Retail Support International Corp.	45,359	24	44,611	25
Uni-President Enterprises Corp.	23,259	12	22,155	12
	<u>188,655</u>	<u>100</u>	<u>180,950</u>	<u>100</u>

4. Operating expenses

	Jan. 1 to Jun. 30, 2007		Jan. 1 to Jun. 30, 2006	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
(1) <u>Cleaning fees</u>				
Duskin Serve Taiwan Co.	\$ 39,037	43	\$ 31,200	38
(2) <u>Items for stores (recognized as packing and other fees)</u>				
Retail Support International Corp.	\$ 107,662	51	\$ 94,543	50
(3) <u>Stocktaking fees for the stores</u>				
Capital Inventory Services Corp.	\$ 68,493	100	\$ 66,713	100
(4) <u>Electronic ordering system processing fees</u>				
President Information Corp.	\$ 255,627	65	\$ 248,400	61

5. Non-operating income

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

	Jan. 1 to Jun. 30, 2007		Jan. 1 to Jun. 30, 2006	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Retail Support International Corp.	\$115,179	64	\$102,022	64
Uni-President Cold-Chain Corp.	54,622	30	48,762	31
Others	9,905	5	6,702	4
	179,706	99	157,486	99

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

	<u>Jan. 1 to Jun. 30, 2007</u>	<u>Jan. 1 to Jun. 30, 2006</u>
President Coffee Corp.	\$ 19,321	\$ 17,905
Others	13,610	12,274
	<u>\$32,931</u>	<u>\$30,179</u>

6. Receivables (payables to) from related parties

	<u>Jan. 1 to Jun. 30, 2007</u>		<u>Jan. 1 to Jun. 30, 2006</u>	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
<u>Other accounts receivable</u>				
Retail Support				
International Corp.	\$142,902	30	\$1,516	-
Uni-President Enterprises				
Corp.	14,007	3	22,552	7
Others	45,602	10	31,221	11
	<u>\$202,511</u>	<u>43</u>	<u>\$55,289</u>	<u>18</u>

	Jan. 1 to Jun. 30, 2007		Jan. 1 to Jun. 30, 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.	\$ -	\$ -	\$ 15,960	2
<u>Note and account payables</u>				
Retail Support				
International Corp.	\$4,447,558	47	\$3,444,066	48
Uni-President Cold-Chain Corp.	2,137,974	23	1,395,113	19
Wisdom Distribution Service Corp.	1,380,939	15	874,851	12
Others	527,964	5	282,687	5
	<u>8,494,435</u>	<u>90</u>	<u>5,996,717</u>	<u>84</u>
<u>Accrued expenses</u>				
President Information Corp.	\$70,759	4	\$80,516	5
Retail Support International Corp.	2,565	-	29,339	2
Capital Inventory Services Corp.	36,539	2	23,107	1
Others	48,378	2	102,864	5
	<u>\$158,241</u>	<u>8</u>	<u>\$235,826</u>	<u>13</u>

7. Loans to related parties (none from January 1 to June 30, 2007)

Jan. 1 to Jun. 30, 2006					
Maximum balance					
Borrowers	Date of transaction	Amount	Balance at ending of period	Interest rate	Interest income
21 Century Enterprise Co., Ltd.	Jan., 2006~Feb., 2006	\$5,000	\$ -	2.51% ~2.52%	\$19
Uni-President Yellow Hat Corp.	Apr., 2006~May, 2006	20,000	-	2.82%	45
			\$ -		64

8. Guarantees

The Company has acted as a guarantor in favor of the following related parties as of June 30, 2007:

	<u>Amount</u>
Retail Support International Corp.	\$600,000
Wisdom Distribution Service Corp.	50,000
President Yilan Art and Culture Corp.	15,000
President Information Corp.	<u>8,000</u>
	<u>673,000</u>
Mech-President Corp.	<u>USD 3,000,000</u>
Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	<u>USD 3,500,000</u>
Philippines Seven Corp.	<u>USD 5,726,000</u>

9. Commitments

- (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 \$471,560 and the contract shall expire in December 2007. As of June 30, 2007, the Company has outstanding payments in the amount of \$258,500.
- (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 Jun. 30, 2007, the Company has the following projected rental incomes:

<u>Lease term</u>	<u>Total rents</u>
From July 1 to December 31, 2007	\$9,332
2008	12,436
2009	11,339
2010	<u>5,935</u>
	<u>39,042</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) The Company leases the President International Building (recognized as “Assets leased to others”) held by it to a non-related party:
1. Mall: for 18 years and 6.5 months starting from June 15, 2005. The rental charge is for an amount equivalent to a certain percentage of sales revenue.
 2. Office: for 5 years starting from November 1, 2007 to October 31, 2012. The Company has the following projections in rental incomes for the various years:

<u>Lease term</u>	<u>Total rents</u>
From November 1 to December 31, 2007	\$3,487
2008	20,925
2009	20,925
2010	21,029
2011	21,552
From January 1 to October 31, 2012	17,960
	<u>\$105,878</u>

- (III) The Company has leased spaces from non-related parties for business under relevant lease agreements with terms ranging from 3 to 12 years. As of June 30, 2007, the Company has prepaid rents and refundable deposits amounting to \$715,130 and \$963,206 respectively. These two items are listed under the title of “other current assets” and “refundable deposits”. The Company has the following projections in rent payables and related spending:

<u>Lease term</u>	<u>Total rents</u>
From July 1 to December 31, 2007	\$2,335,625
2008	4,622,778
2009	4,353,529
2010	3,878,250
2011 and thereafter	10,131,005
	<u>\$25,321,187</u>

VIII. Losses from major accidents

None.

IX. Subsequent events

None.

X. Miscellaneous

(I) Information on fair value

	June 30, 2007		
	Book value	Fair value	
		Amount determined by open quotations	Amount estimated by appraisal method
Non-Derivatives			
Assets			
Financial instruments whose book values are equal to fair value	\$4,256,240	\$ –	\$4,256,240
Financial instruments held for trading	1,522,582	1,552,582	–
Financial assets carried at cost	12,283,586	–	–
Financial instruments available for disposals	731,389	731,389	–
Refundable deposits	968,270	–	863,415
Liabilities			
Financial liabilities whose book values are equal to fair values	\$20,656,728	–	\$20,656,727
Corporate bonds	1,100,000	–	1,100,000
Guarantee deposits received	1,689,222	–	1,501,718

	June 30, 2006		
	Fair value		
	Book value	Amount determined by open quotations	Amount estimated by appraisal method
Non-Derivatives			
Assets			
Financial instruments whose book values are equal to fair value	\$2,131,529	\$ –	\$2,131,529
Financial instruments held for trading	886,146	886,146	–
Financial assets carried at cost	12,182,287	–	–
Financial instruments available for disposal	434,064	434,064	–
Investments in bonds with no public quotations in open market	40,000	–	–
Refundable deposits	1,040,418	–	953,501
Liabilities			
Financial liabilities whose book values are equal to fair values	\$15,715,507	–	\$15,715,507
Corporate bonds	2,000,000	–	2,000,000
Guarantee deposits received	1,474,365	–	1,328,828

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, other receivable and accounts payable, notes, Income taxes payable, payable expenses and other accounts payable.
2. The fair value of the financial assets available for sale is the market price, when there are market prices in open market.
3. The fair value of the refundable deposit and receipts in advance are estimated on the basis of the anticipated discount rate with reference to the interest rate offered by the Directorate General of the Postal Remittances & Saving Bank for one-year time deposit.
4. The discounted value of corporate bonds 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 operational risks. To this end, the Company deals with derivatives for covering financial exposure. The selection of specific instruments shall be able to hedge 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 June 30, 2007 and 2006 were \$0 and \$40,000 respectively, and the financial liabilities were \$400,000 and \$1,300,000 respectively. The financial liabilities with cash flow risk bearing interest rate fluctuation were \$700,000 and \$700,000 respectively.

(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 of payable corporate bonds bearing a fixed rate because the maturity date is near.
- (3) All of the Company's payables are due within 90 days. 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 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. Therefore, there is no anticipated liquidity risk.
- (2) Financial instruments that are 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 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 a 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 IRS contracts for hedging such risks deriving 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 a floating rate. Therefore, the future cash flow of the liability might fluctuate along with market rate and cause a risk. Upon assessment, the Company entered into the IRS contracts separately for hedging:

<u>Designated hedging instruments</u>		<u>Fair value</u>			
<u>Hedged objects</u>	<u>Financial products designated to be hedging instruments</u>	<u>Jun. 30, 2007</u>	<u>Jun. 30, 2006</u>	<u>Period in which cash flow is anticipated to be generated</u>	<u>Time at which the relevant loss is anticipated to be recognized in the statement of income</u>
Corporate bond	Interest rate SWAP	<u>(9,915)</u>	<u>(19,975)</u>	June, 2003 ~ June, 2008	2006~2008

<u>Item</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Adjustments to shareholders' equity	<u>\$ 5,079</u>	<u>(\$ 19,975)</u>
Reversal from shareholders' equity to income and loss	<u>\$ -</u>	<u>\$ -</u>
Reversal from shareholders' equity to non-financial assets (liabilities)	<u>\$ -</u>	<u>\$ -</u>

(Blank hereunder)

XI. Disclosures

(I) Information on major transactions

Disclosure on major transactions of the Company in the period January 1 to June 30, 2007 is specified as follows:

1. Loans to third parties: None.

2. Act as guarantor in favor of a third party:

<u>Name of Guarantee</u>			<u>Limit of guarantee to particular enterprise (Note)</u>	<u>Maximum Balance in current period</u>	<u>Balance at ending</u>	<u>Guarantee with Collateral</u>	<u>Accumulated amount of guarantee in proportion to the net worth stated in the financial statements of the most recent period</u>	<u>Upper limit for guarantee (note)</u>
<u>Name of Guarantor</u>	<u>Company Name</u>	<u>Affiliation</u>						
President Chain Store Corporation	Retail Support International Corp.	Business relation	\$2,937,747	\$600,000	\$600,000	None	4.08%	
	Wisdom Distribution Service Corp.	Subsidiary	2,937,747	50,000	50,000	None	0.34%	
	President Information Corp.	Subsidiary	2,937,747	8,000	8,000	None	0.05%	
	President Yilan Art and Culture Corp.	Subsidiary	2,937,747	65,000	15,000	None	0.10%	
	Mech-President Corp. Philippines Seven Corp.	Subsidiary of a subsidiary	2,937,747	USD 3,000,000	USD 3,000,000	None	0.67%	
	Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	Subsidiary of a subsidiary	2,937,747	USD 7,883,000	USD 5,726,000	None	1.28%	
				2,937,747	USD 3,500,000	USD 3,500,000	None	
							7.30%	\$ 7,344,369

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

3. Holding of marketable securities at end:

Holder of securities	Types and names of securities	Affiliation with security issuers	Account titles	Quantity of shares /units at end	Book value	Proportion of shareholding	Market price	Remarks
President Chain Store Corporation	EPISTAR Corporation, etc.	None	Financial assets whose changes in fair value are recognized as gains or losses-current	skipped	\$ 50,506	—	\$ 52,235	
	Prudential Financial Bond Fund	"	"	61,139,922	900,000	—	900,285	
	UPAMC JAMES BOND Fund	"	"	38,614,263	600,000	—	600,062	
					<u>1,550,506</u>		<u>\$ 1,552,582</u>	
			Plus: valuation adjustment		<u>2,076</u>			
					<u>1,552,582</u>			
President Chain Store (BVI) Holdings Ltd.		Investees of the Company under equity method.	Long-term investments (Equity method)	46,405,458	\$980,085	100.00%	\$978,182	
Ren-Hui Investment Corp.		"	"	85,303,733	872,107	100.00%	871,871	
Mech-President Corp.		"	"	38,712,620	434,449	62.95%	435,378	
Uni-President Cold-Chain Corp.		"	"	19,563,272	391,669	60.00%	382,943	
President Drugstore Business Corp.		"	"	33,100,000	455,259	100.00%	450,772	
President Yilan Art and Culture Corp.		"	"	18,000,000	122,939	90.00%	123,364	
President Information Corp.		"	"	15,025,405	203,515	56.00%	199,364	
President Transnet Corp.		"	"	70,000,000	226,605	70.00%	209,202	
Wisdom Distribution Service Corp.		"	"	9,432,540	202,378	100.00%	159,778	
PCSC (China) Limited		"	"	29,826,640	753,120	100.00%	746,453	
Uni-President Development Corp.		"	"	20,000,000	168,403	20.00%	168,403	
Mister Donut Taiwan Corp.		"	"	10,000,000	140,616	50.00%	141,271	
President Coffee Corp.		"	"	9,313,920	141,363	30.00%	141,376	
Retail Support International Corp.		"	"	5,000,000	137,074	25.00%	128,693	
Q-ware Systems & services Corp.		"	"	19,157,720	147,566	22.68%	128,732	
President Pharmaceutical Corp.		"	"	14,600,494	345,163	73.74%	186,330	
Uni-President Department Store Corp.		"	"	56,000,000	351,029	70.00%	351,435	
President Musashino Corp.		"	"	20,916,000	226,848	40.00%	223,833	
Duskin Serve Taiwan Co.		"	"	15,300,000	104,021	51.00%	104,141	
Marks and Spencer Co.		"	"	12,826,412	107,461	40.00%	106,664	
Muji Taiwan co. Ltd., etc.		"	"	skipped	<u>588,755</u>	20.00%	558,454	
					<u>\$ 7,100,425</u>	~100.00%		
President Securities Corp.		Investees of Uni-President Enterprises Corp under equity method	Available-for-sale financial assets-non current	\$29,328,669	571,909	2.58%	\$571,909	
Duskin Co. Ltd.		—	"	300,000	159,480	0.45%	159,480	
					<u>\$ 731,389</u>			
Presicarre Corp.		The Company is a director	Financial assets measured at cost - non-current	\$70,605,016	6,818,529	19.50%	skipped	
Toppoly Optoelectronics Corp.		None	"	146,448,927	1,609,160	3.47%	"	
Tong-Jen Development Corp.		The Company is a director	"	171,000,000	1,941,500	19.00%	"	
President International Development Corp.		"	"	50,000,000	500,000	3.33%	"	
New Century Info Comm Co. Ltd.etc.		skipped	"	skipped	<u>1,414,397</u>	0.02%	"	
					<u>\$ 1,228,586</u>	~19.93%		

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				Other adjustments	At ending		
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost	Gain from disposal		Quantity of share	Amount	
President Chain Store Corporation	UPAMC JAMES BOND Fund	Note 1:	Not applicable	Not applicable	—	\$ —	132,386,250	2,050,000	93,771,987	1,450,647	1,450,000	647	\$ —	38,614,263	\$ 600,000	
	Mega Diamond Bond Fund	"	"	"	—	—	136,850,660	1,580,000	136,850,660	1,580,965	1,580,000	965	—	—	—	
	Prudential Financial Bond Fund	"	"	"	—	—	210,791,484	3,090,000	149,651,562	2,190,642	2,190,000	642	—	61,139,922	900,000	
	Fuh-Hwa Bond Fund	"	"	"	—	—	107,764,283	1,440,000	107,764,283	1,440,477	1,440,000	477	—	—	—	
	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	—	—	—	
	JF(Taiwan) First Bond Fund	"	"	"	—	—	18,909,508	290,000	18,909,508	290,259	290,000	259	—	—	—	
	Yuanta Wan-tai Fund	"	"	"	—	—	—	—	—	—	—	—	—	—	—	—
	Allianz President Life Insurance Co., Ltd.	Note 2	Note 3	Note 3		24,166,817	241,668	—	—	38,509,760	540,000	38,509,760	540,293	540,000	293	—
Tong-Ho Development Corp.	Note 2	Raise capital by issuing new shares	Not applicable		19,929,929	-	26,905,500	269,055	(19,928,476) (Note4)	—	—	—	—	—	26,906,953	2 69,055
Uni-President Department Store Corp.	Note 5	"	"		35,000,000	249,117	21,000,000	210,000	—	—	—	—	(108,088)	56,000,000	351,029	
PCSC (China) Limited	"	"	"		20,722,000	481,140	9,104,640	301,444	—	—	—	—	(29,464)	29,826,640	753,120	
Marks and Spencer Taiwan Co., Ltd.	"	Initial subscription for shares for new incorporation	"		—	—	12,826,412	128,264	—	—	—	—	(20,803)	12,826,412	107,461	

Note 1: Recognized under the account title of “Financial assets whose changes in fair value are recognized as gains or losses – current”.

Note 2: Recognized under the account title of “Financial assets measured at cost - non current”.

Note 3: Sold to Allianz, EC-based company, which is not the Company’s related party.

Note 4: Number of share reduction

Note 5: Recognized as “long-term equity investment under equity method”

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)	Credit term	Unit price	Credit term	Balance		Percentage to total note, account receivables (payables)
President Chain Store Corporation	Retail Support International Corp.	Investees of the Company under equity method	Purchase	21,624,560	58	O/A settlement from 10~80 days	Note	No significant difference	(\$4,447,558)	47	
	Uni-President Cold-Chain Corp.	Subsidiary	"	7,971,089	22	O/A settlement from 15~30 days	"	"	(2,137,974)	23	
	Wisdom Distribution Service Corp.	"	"	4,074,019	11	O/A settlement from 20~35 days	"	"	(1,380,939)	15	
	Uni-President Enterprises Corp.	Parent	"	804,942	2	O/A settlement from 30~45 days	No significant difference	"	(322,570)	3	
	Q-ware Systems & services Corp.	Subsidiary	"	109,008	—	O/A settlement from 30~40 days	"	"	(40,014)	-	
	President Transnet Corp.	Subsidiary	"	Cost of operation	336,236	1	O/A settlement 15 days	The cost of home delivery, not applicable here	"	(64,166)	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 commissions.

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	Overdue Receivables with Related Parties		Receivables with Related Party After Period Collection	Allowance for doubtful accounts
					Amount	Processing by		
President Chain Store Corporation	Retail Support International Corp.	Investees of the Company under equity method	Accounts receivable \$142,902	Not applicable	—	—	\$ —	\$ —

9. Derivatives transactions: see Note X(5)

(Blank hereunder)

(II) Information on Investees

1. Information on investees:

Investor name	Name	Investees Location	Major business activities	Initial amount of investment		Holding at ending		Book value	Income status of investees	Recognized return on (loss from) investment by company	Remarks
				End of current period	End of previous period	Quantity of share	Proportion				
President Chain Store Corporation	President Chain Store (BVI) Holdings Ltd.	BVI	Professional investments	1,520,766	1,520,766	46,405,458	100%	\$980,085	(\$1,546)	(\$1,542)	Subsidiary
	Ren-Hui Investment Corp.	Taipei	Professional investments	853,037	853,037	85,303,733	100%	872,107	12,313	12,549	"
	Mech-President Corp.	Tainan	Gasoline stations, cables	364,683	364,683	38,712,620	62.95%	434,449	23,315	13,749	"
	Uni-President Cold-Chain Corp.	Tainan	Frozen foods, low-temperature logistics	237,437	237,437	19,563,272	60%	391,669	70,906	42,575	"
	President Drugstore Business Corp.	Taipei	Retailing of medicines and daily items	396,000	396,000	33,100,000	100%	455,259	37,977	37,729	"
	President Yilan Art and Culture Corp.	Yilan	Art and cultural exhibition	180,000	180,000	18,000,000	90%	122,939	21,557	19,373	"
	President Information Corp.	Taipei	Business management consulting services	93,348	93,348	15,025,405	56%	203,515	7,000	4,443	"
	President Transnet Corp.	Taipei county	Foods and utensils retailing and shipping	711,576	711,576	70,000,000	70%	226,605	38,276	25,353	"
	Wisdom Distribution Service Corp.	Taipei	Magazine delivery	50,000	50,000	9,432,540	100%	202,378	40,173	39,743	"
	PCSC (China) Limited	BVI	Professional investments	981,240	468,060	29,826,640	100%	753,120	(29,282)	(29,464)	"
	Uni-President Development Corp.	Taipei	Construction of transportation depots	200,000	200,000	20,000,000	20%	168,403	(27,654)	(5,531)	Note 1:
	Mister Donut Taiwan Corp.	Taipei	Bakery	100,000	100,000	10,000,000	50%	140,616	28,838	14,367	"
	President Coffee Corp.	Taipei	Coffee and accessories trade	59,400	59,400	9,313,920	30%	141,363	37,220	11,153	"
	Retail Support International Corp.	Chungli	Room-temperature food logistics	91,414	91,414	5,000,000	25%	137,074	68,113	17,288	"
	Q-ware Systems & Services Corp.	Taipei	Internet service provider	191,577	191,577	19,157,720	22.68%	147,566	(8,517)	(1,933)	"
	President Pharmaceutical Corp.	Taipei	Medicines & medical instrument retail and wholesale	330,216	74,844	14,600,494	73.74%	345,163	27,540	20,343	Subsidiary
	Uni-President Department Store Corp.	Taipei	Department stores	560,000	52,500	56,000,000	70%	351,029	(154,576)	(108,088)	"
	President Musashino Corp.	Tainan	Bakery foods industry	195,525	—	20,916,000	40%	226,848	21,333	8,546	Note 1:
	Duskin Serve Taiwan Co.	Taipei	Cleaning service	153,000	153,000	15,300,000	51%	104,021	18,804	9,470	Subsidiary
	Marks and Spencer Co., Ltd.	Taiwan	Household goods retailing	128,264	—	12,826,412	40%	107,461	(53,622)	(20,803)	Note 1:
Muji Taiwan co. Ltd. etc.	—	—	920,146	750,146	skipped	20%~100%	588,755	skipped	(1,113)	Note 2	
								\$7,100,425		\$108,207	

Note 1: Investee of the Company under the equity method. Because the company's stocks have been traded at the local exchange, there is market value available for the measurement.

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 (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.	—	—	\$770,963	\$735,740	skipped	6%~100%	\$528,351	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%	USD 3,585,000	USD 1,383,000	"	Note
	President Chain Store (Labuan) Holdings Ltd.	Labuan	Professional investments	USD 20,684,000	USD 20,684,000	20,684,321	100%	USD 10,014,000	USD 195,000	"	subsidiary of a subsidiary Note
	Presiclrc Limited	BVI	Professional investments	USD 15,937,000	USD 11,649,000	15,694,600	48.78%	USD 3,755,000	(USD 17,000)	"	Note
	T&T Supermarket Inc.	Canada	Food and household goods retailing	CAD 12,000,000	CAD 12,000,000	200	20%	USD 6,185,000	CAD 5,651,000	"	"
	PCSC (Vietnam) Supermarket Limited	Vietnam	Food and household goods retailing	USD 461,000	USD 461,000	674,220	51%	USD 566,000	VND1,220,390,000	"	subsidiary of a subsidiary
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Food and household goods retailing	USD 20,656,000	USD 20,656,000	134,257,625	56.59%	USD 10,009,000	PHP 32,645,000	"	"
Philippine Seven Corp.	Convenience Distribution Inc. etc.	Philippines	—	PHP 87,742,000	PHP 87,742,000	skipped	40%~100.00%	PHP 93,705,000	skipped	"	skipped
PCSC (China) Limited	PCSC (China) Drugstore Limited, etc.	BVI	Professional investments	USD 29,777,000	USD 14,272,000	skipped	100%	USD 23,089,000	skipped	"	subsidiary of a subsidiary
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	China	Household goods retailing	USD 3,932,000	USD 3,932,000	skipped	65%	USD 1,660,000	(RMB 6,462,000)	"	"
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Zhuhai Livzon Drugstore Chain Company Limited	China	Medicine retailing	RMB 8,280,000	RMB 4,200,000	skipped	90%	RMB 797,000	(RMB 1,270,000)	"	"
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	China	Wholesaling and retailing of goods	USD 20,618,000	USD 10,278,000	skipped	55%~100.00%	USD 16,246,000	skipped	"	"
PCSC(China)Restaurant Limited	Shanghai Cold Stone Ice Cream Corporation	China	Sale of ice cream	USD 5,155,000	—	skipped	100%	USD 5,155,000	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	Allowance for doubtful accounts	Collaterals		Limit of loans to particular borrower	Limit of total loans
										Name	Value		
Store Sites Holdings Inc.	Convenience Distribution Inc. etc.	Other accounts receivable	USD 194,000	—	10% ~ 10.95%	Note 1:	—	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. A short-term loan to a particular enterprise for necessity may be up to PHP 10,000,000.

(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	0.57%	Note
Mech-President Corp.	Shanghai President Machine Corp.	subsidiary of a subsidiary	Note	\$98,858	\$98,858	-	14.79%	Note

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

(Blank hereunder)

(3) Holding of marketable securities at end:

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
Uni-President Department Store Corp.	UPAMC JAMES BOND Fund	None	Financial assets whose changes in fair values are recognized as gains or losses-current	—	\$ 268,077	—	\$268,412	
Ren-Hui Investment Corp.	NITC Bond Fund etc.	"	"	—	108,381	—	108,381	
Wisdom Distribution Service Corp.	ING Taiwan Bond Fund, etc.	"	"	—	134,056	—	134,057	
Vision Distribution Service Corp.	Fuh-Hwa Fund	"	"	—	119,483	—	119,483	
President Information Corp. etc.	Cathay Bond Fund	"	"	—	689,276	—	689,558	
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 measured at cost — non-current	6 2,800,000	690,037	—	690,037	
Retail Support Taiwan Corp. etc.	President Logistics International Corp.etc.	skipped	"	—	27,405	—	27,405	
President Chain Store (BVI) Holdings Ltd.	Global Strategic Investment Inc. etc.	"	"	—	USD2,974,000	—	USD 2,974,000	
Uni-President Oven Bakery Corp.	Corporate Bond of President Transnet Corp.	"	Investments in bonds with no public quotations —current	—	\$ 5 0,000	—	50,000	
Wisdom Distribution Service Corp.	President Logistics International Corp. etc.	"	Long-term investments (Equity method)	—	101,326	—	100,652	
Retail Support International Corp.	Retail Support Taiwan Corp. etc.	"	Long-term investments (Equity method)	—	142,286	—	136,661	
Mech-President Corp., etc.	President Jim Corp.	"	"	—	252,296	—	268,684	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd. etc.	"	"	—	USD24,105,000	—	USD 22,924,000	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Subsidiary	"	134,257,625	USD10,009,000	56.59%	PHP 363,549,000	
Philippine Seven Corp.	Convenience Distribution Inc. etc.	skipped	"	—	PHP93,705,000	—	PHP 69,821,000	
PCSC (China) Limited	PCSC (China) Drugstore Limited, etc.	Subsidiary	"	—	USD23,089,000	—	USD 23,135,000	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	"	"	-	USD 1,660,000	65.00%	USD 1,447,000	
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Zhuhai Livzon Drugstore Chain Company Limited	"	"	-	RMB 797,000	90.00%	RMB 982,000	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	"	"	-	USD16,247,000	-	USD 15,060,000	
PCSC(China)Restaurant Limited	Shanghai Cold Stone Ice Cream Corporation	"	"	-	USD 5,155,000	100.00%	USD 5,155,000	

(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	Other adjustments	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 1	Not applicable	Not applicable	\$13,342,157	\$205,770	\$26,844,759	\$415,852	\$36,801,765	\$569,280	\$569,027	\$253	\$ —	\$3,385,151	\$ 52,595
	NITC Bond Fund	"	"	"	1,181,591	194,311	2,111,770	348,802	3,023,467	498,575	498,414	161	—	269,894	44,699
Wisdom Distribution Service Corp.	Fuh-Hwa Bond Fund	"	"	"	—	—	34,422,069	460,000	30,179,814	403,283	403,087	196	—	4,242,255	56,913
	ING Taiwan Bond Fund	"	"	"	4,051,365	61,000	26,939,277	408,000	25,913,383	392,424	392,000	424	—	5,077,259	77,000
Mech-President Corp.	Ta Chong Bond Fund	"	"	"	—	—	29,097,925	380,000	29,097,925	380,143	380,000	143	—	—	—
	Capital Income Fund	"	"	"	—	—	25,438,091	380,000	25,438,091	380,141	380,000	141	—	—	—
	Fuh-Hwa Bond Fund	"	"	"	—	—	11,221,158	150,000	11,221,158	150,053	150,000	53	—	—	—
	Mega Diamond Bond Fund	"	"	"	—	—	12,107,143	140,000	12,107,143	140,052	140,000	52	—	—	—
Uni-President Department Store Corp.	UPAMC JAMES BOND Fund	"	"	"	—	—	27,589,185	428,000	10,316,736	160,045	159,923	122	—	17,272,449	268,077
President Pharmaceutical Corp.	UPAMC JAMES BOND Fund	"	"	"	—	—	9,746,957	151,000	8,581,468	133,050	132,911	139	—	1,165,489	18,089
President Logistics International Corp.	IBT 5599 Bond Fund	"	"	"	1,062,423	11,905	10,053,013	113,100	10,873,104	122,330	122,269	61	—	242,332	2,736
President Coffee Corp.	Fu Hua You Li Fund	"	"	"	4,432,446	55,000	5,219,921	65,000	9,652,367	120,121	120,000	121	—	—	—
	Capital Income Fund	"	"	"	2,484,856	37,000	5,352,485	80,000	7,837,341	117,198	117,000	198	—	—	—
Retail Support Taiwan Corp.	UPAMC JAMES BOND Fund	"	"	"	830,488	12,806	8,705,724	134,800	7,652,093	118,482	118,341	141	—	1,884,119	29,265

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Other adjustments	At ending		
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost		Gain from disposal	Quantity of share	Amount
PCSC (China) Limited	PCSC(China) Supermarket Limited	Note 2	Raise capital by issuing new shares	Not applicable	10,290,000	USD12,707,000	\$3,950,000	USD3,950,000	-	-	-	-	(USD381,000)	\$14,240,000	USD16,276,000
	PCSC(China) Restaurant Limited	"	Initial subscription for shares for new incorporation	"	-	-	5,154,640	USD5,155,000	-	-	-	-	-	\$5,154,640	USD 5,155,000
PCSC(China)Super market Limited	PCSC (SICHUAN) Hypermarket Limited	"	Raise capital by issuing new shares	"	-	USD 1,818,000	-	USD3,950,000	-	-	-	-	(USD391,000)	-	USD 5,377,000
PCSC(China)Restau rant Limited	Shanghai Cold Stone Ice Cream Corporation	"	Initial subscription for shares for new incorporation	"	-	-	5,154,640	USD5,155,000	-	-	-	-	-	5,154,640	USD 5,155,000

Note 1: Recognized as “financial assets at fair value through income statement-current”.

Note 2: Recognized as “long-term equity investment under equity method”.

(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)	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	\$3,273,735	45%	O/A settlement from 30~45 days	No significant difference	No significant difference	(890,501)	(43%)	
	President Musashino Corp.	Investees of President Chain Store Corp. under equity method	"	\$589,202	8%	O/A settlement from 25~30 days	"	"	(112,567)	(5%)	
	President Chain Store Corp.	Parent Company	Sales	(8,010,719)	(99%)	O/A settlement from 15~30 days	"	"	2,182,752	98%	
	Tung Ang Enterprise Corp.	Affiliate	Purchase	107,021	1%	O/A settlement 30 days	"	"	(39,158)	(2%)	
	21 Century Enterprise Co., Ltd.	Investees of President Chain Store Corp. under equity method	"	107,549	1%	O/A settlement 30 days	"	"	(41,584)	(2%)	
	President Chain Store Corp.	Investor of this company under the equity method	Sales	(21,954,520)	(92%)	O/A settlement from 10~80 days	"	"	4,458,340	83%	
	Uni-President Enterprises Corp.	Investor of this company under the equity method	Purchase	595,657	4%	O/A settlement from 20~40 days	"	"	(126,340)	(2%)	
	Lien Bo Enterprises	Affiliate	"	521,816	4%	O/A settlement from 20~70 days	"	"	(119,658)	(2%)	
	Tung Ang Enterprise Corp.	Affiliate	"	951,891	6%	O/A settlement 30 days	"	"	(193,890)	(3%)	
	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	Sales	(1,668,194)	(7%)	O/A settlement 50 days	"	"	759,382	14%	
President Pharmaceutical Corp.	A subsidiary of President Chain Store Corp.	Purchase	198,401	1%	O/A settlement from 30~60days	"	"	(65,943)	(1%)		
President Coffee Corp.	Investees of President Chain Store Corp. under equity method	Sales	(175,284)	(1%)	O/A settlement 30 days	"	"	36,060	1%		
President Information Corp.	President Chain Store Corp.	Parent Company	Service income	(267,556)	(78%)	O/A settlement 30 days	"	"	73,829	79%	
President Transnet Corp.	President Chain Store Corp.	Parent Company	Sales	(337,094)	(21%)	O/A settlement 15 days	"	"	64,782	17%	
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent Company	"	(4,125,151)	(99%)	O/A settlement from 20~40days	"	"	1,422,816	97%	
	Vision Distribution Service Corp.	Subsidiary of Wisdom Distribution Service Corp.	"	255,924	8%	O/A settlement 35 days	"	"	(101,044)	(6%)	
President Coffee Corp.	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method.	Purchase	140,959	23%	O/A settlement 30 days	"	"	(31,209)	(23%)	
President Pharmaceutical Corp.	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method.	Sales	(200,969)	(55%)	O/A settlement from 30~60days	"	"	124,476	53%	
President Drugstore Business Corp.	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method	Purchase	1,947,945	99%	O/A settlement 50 days	"	"	(739,359)	(98%)	
Vision Distribution Service Corp.	Wisdom Distribution Service Corp.	Parent Company	Sales	(\$255,924)	(48%)	O/A settlement 35 days	"	"	112,360	50%	
President Logistics International Corp.	Retail Support International Corp.	Parent Company	"	(261,963)	(39%)	O/A settlement 20 days	"	"	50,420	28%	
President Musashino Corp.	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	"	(236,441)	(36%)	O/A settlement 45 days	"	"	91,380	51%	
	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	"	(598,789)	(99%)	O/A settlement 25 days	"	"	112,033	99%	
Retail Support Taiwan Corp.	Retail Support International Corp.	Parent Company	Sales	(116,209)	(98%)	O/A settlement from 15~20days	"	"	21,803	99%	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	A subsidiary of President Chain Store Corp.	Sales	(138,904)	(69%)	O/A settlement 65 days	"	"	45,211	79%	

(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	Overdue Receivables with Related Parties		Receivables with Related Party After Period Collection	Allowance for doubtful accounts
					Amount	Processing by		
Uni-President Cold-Chain Corp.	President Chain Store Corp.	Parent Company	\$2,182,752	4	\$ -	-	\$2,182,752	\$ -
Retail Support International Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	\$759,382	3	-	-	\$643,981	-
	President Chain Store Corp.	Investor of this company under the equity method	4,458,340	6	-	-	2,728,463	-
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent Company	1,422,816	2	-	-	1,422,816	-
Vision Distribution Service Corp.	Wisdom Distribution Service Corp.	Parent Company	112,360	3	-	-	112,360	-
President Pharmaceutical Corp.	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method.	124,476	19	-	-	103,868	-
President Musashino Corp.	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	112,033	1	-	-	112,033	-

(9) Derivatives transactions: None.

(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 6)	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term
					Remittance	Regain					
Shanghai President Starbucks Coffee Corp.	Coffee and accessories trade	USD 5,960,000	Invested through the third region (Note 1)	USD2,000,000	-	-	USD 2,000,000	30%	USD 457,000	USD3,653,000	-
Presiclerc (Shautou) Ltd.(Note7)	Food processing, packing and sales	USD 5,200,000	Invested through the third region (Note 2)	USD2,470,000	-	-	USD 2,470,000	48.78%	(USD 1,000)	(USD 875,000)	-
Presiclerc (Qingdao) Ltd.	Food processing, packing and sales	USD6,400,000	Invested through the third region (Note 2)	USD2,185,000	-	-	USD 2,185,000	48.78%	(USD 732,000)	(USD2,037,000)	-
Presiclerc (Beijing) Ltd.	Food processing, packing and sales	RMB 50,000,000	Invested through the third region (Note 2)		-	-	-	36.83%	(USD 120,000)	(USD 174,000)	-
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Household goods retailing	RMB50,000,000	Invested through the third region (Note 3)	USD3,932,000	-	-	USD 3,932,000	65%	(USD 501,000)	USD1,660,000	-
Shan Dong President Yinzuo Commercial Limited	Wholesaling and retailing of goods	RMB60,000,000	Invested through the third region (Note 4)	USD4,078,000	-	-	USD 4,078,000	55%	USD 837,000	USD5,251,000	-
PCSC (SICHUAN) Hypermarket Limited	Wholesaling and retailing of goods	RMB80,000,000	Invested through the third region (Note 4)	USD6,200,000	USD3,950,000	-	USD10,150,000	100%	(USD 391,000)	USD5,377,000	-
PCSC (CHENGDU) Hypermarket Limited	Wholesaling and retailing of goods	RMB50,000,000	Invested through the third region (Note 4)	USD6,390,000	-	-	USD 6,390,000	100%	(USD 826,000)	USD5,619,000	-
Shanghai Cold Stone Ice Cream Corporation	Sale of ice cream	USD 5,155,000	Invested through the third region (Note 5)	-	USD5,155,000	-	USD 5,155,000	100%	-	USD5,155,000	-

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 36,360,000	USD 49,943,000	NTD 4,437,747

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

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

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

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

Note 5: Reinvested through the reinvestee PCSC (China) Restaurant Limited of PCSC (China) Supermarket Ltd.

Note 6: These figures were based on unaudited financial statements of investees covering the same period.

Note 7: The Company took June 30, 2007 as the record date and completed the liquidation on July 10, 2007.

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 end of period and percentage: None.

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

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

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

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

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

XII. Financial information by department

Not applicable

President Chain Store Corporation
Statement of Cash and cash equivalence
June 30, 2007

Currency expression: NTD 1,000

Item	Summary	Amount
Cash on hand and working capital of stores		\$ 1,508,066
Bank Deposit	Deposits in NTD	1,327,712
Cash equivalence		
Short-term bills and notes	Matured on July 2, 2007, interest rate of 1.850%	590,000
		\$ 3,425,778

(Blank hereunder)

President Chain Store Corporation
Inventory List
June 30, 2007

Currency expression: NTD 1,000

Item	Summary	Amount		Remarks
		Costs	Market price	
Merchandises in stores		\$2,938,513	<u>\$3,247,740</u>	
Less: Allowance for inventory losses		(462)		
		<u>2,938,051</u>		

(Blank hereunder)

President Chain Store Corporation
Statement of changes in available-for-sale financial assets-non current
January 1 to June 30, 2007

Currency expression: NTD 1,000

Name	At beginning		Increase in current period (Note II)		Decrease in current period		Reclassification (Note 1)		At ending		Facts of pledge or collateralization	Remarks
	Quantity of share	Fair value	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Fair value		
Stocks with public quotations												
President Investment Trust Corp.	29,328,669	\$514,718	-	\$57,191	-	\$-	-	\$-	\$29,328,669	\$571,909	None	
Duskin Co. Ltd. (Note)	-	-	-	\$34,408	-	-	300,000	\$125,072	\$300,000	\$159,480	"	
		<u>\$514,718</u>		<u>91,599</u>		<u>\$-</u>		<u>125,072</u>		<u>731,389</u>		

Note 1: Duskin Service was originally recognized as the financial assets measured at cost. Because the company's stocks have been traded at the local exchange, there is market value available. Therefore, it was later recognized as the

Financial assets available for sale.

Note 2: Valuation adjustment

(Blank hereunder)

President Chain Store Corporation
Statement of changes in financial instruments (assets) measured at cost
January 1 to June 30, 2007

Currency expression: NTD 1,000

Name	At beginning		Increase in current period		Decrease in current period		Reclassification (Note)		At ending		Facts of pledge or collateralization	
	Quantity of share	Book value	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Book value		
Stocks listed in the emerging market												
Toppoly Optoelectronics Corp.	146,448,927	\$1,609,160	-	\$ -	-	-	\$ -	-	\$ -	146,448,927	\$1,609,160	None
Digital United Inc.	6,000,000	133,720	-	-	-	-	-	-	-	6,000,000	133,720	"
		1,742,880									1,742,880	
Stocks with no public quotation												
Presicarre Corp.	70,605,016	6,818,529	-	-	-	-	-	-	-	70,605,016	6,818,529	"
Tong-jeng Development Corp.	171,000,000	1,941,500	-	-	-	-	-	-	-	171,000,000	1,941,500	"
President International Development Corp.	50,000,000	500,000	-	-	-	-	-	-	-	50,000,000	500,000	"
New Century Info Comm Co. Ltd.	42,400,000	424,000	-	-	-	-	-	-	-	42,400,000	424,000	"
Dayeh Takashimaya Taiwan Inc.	20,000,000	260,433	-	-	-	-	-	-	-	20,000,000	260,433	"
Allianz President Life Insurance Co., Ltd.	24,166,817	241,668	-	-	(24,166,817)	(241,668)	-	-	-	-	-	"
Kaohsiung Rapid Transit Corp. (KRTC)	20,000,000	203,714	-	-	-	-	-	-	-	20,000,000	203,714	"
Tong-Ho Development Corp.	19,929,929	179,091	26,905,500	269,055	(19,928,476)	(179,091)	-	-	-	26,906,953	269,055	"
President Investment Trust Corp., etc.	skipped	282,233		-	-	-	-	(125,072)	skipped		157,161	"
		10,851,168		269,055		(420,759)		(125,072)			10,574,392	
Accumulated impairment		(212,777)		-		179,091		-			(33,686)	
		10,638,391		269,055		(241,668)		(125,072)			10,540,706	
		\$12,381,271		\$ 269,055		(\$241,668)		(\$125,072)			\$12,283,586	

Note: Duskin Service was originally recognized as the financial assets measured at cost. Because the company's stocks have been traded at the local exchange, there is market value available for the measurement. Therefore, it was later recognized as the Financial assets available for sale.

President Chain Store Corporation
Statement of changes in long-term investment under equity method
January 1 to June 30, 2007

Currency expression: NTD 1,000

Name	Beginning Balance		Increase in current period		Decrease in current period		Balance at end of period			Market price or net worth value		Facts of pledge or collateralization
	Quantity of shares	Amount	Quantity of shares	Amount	Quantity of share	Amount	Quantity of shares	Proportion of shareholding	Amount	Unit price	Total	
President Chain Store (BVI) Holdings Ltd.	46,405,458	\$ 981,627	-	\$ -	-	(\$ 1,542)	4 6,405,458	100.00%	\$ 980,085	\$ 21.08	\$ 978,182	None
PCSC (China) Limited	20,722,000	481,140	9,104,640	301,444	-	(29,464)	2 9,826,640	100.00%	753,120	25.03	746,453	"
Ren-Hui Investment Corp.	85,303,733	859,558	-	12,549	-	-	8 5,303,733	100.00%	872,107	10.22	871,871	"
Mech-President Corp.	38,712,620	420,700	-	13,749	-	-	3 8,712,620	62.95%	434,449	11.25	435,378	"
Uni-President Cold-Chain Corp.	19,563,272	349,094	-	42,575	-	-	1 9,563,272	60.00%	391,669	19.57	382,943	"
President Drugstore Business Corp.	33,100,000	417,530	-	37,729	-	-	3 3,100,000	100.00%	455,259	13.62	450,772	"
President Yilan Art and Culture Corp.	18,000,000	103,566	-	19,373	-	-	1 8,000,000	90.00%	122,939	6.85	123,364	"
President Information Corp.	15,025,405	199,072	-	4,443	-	-	1 5,025,405	56.00%	203,515	13.27	199,364	"
President Transnet Corp.	70,000,000	201,252	-	25,353	-	-	7 0,000,000	70.00%	226,605	2.99	209,202	"
Retail Support International Corp.	5,000,000	119,786	-	17,288	-	-	5,000,000	25.00%	137,074	25.74	128,693	"
Wisdom Distribution Service Corp.	9,432,540	162,635	-	39,743	-	-	9,432,540	100.00%	202,378	16.94	159,778	"
Uni-President Development Corp.	20,000,000	173,934	-	-	-	(5,531)	2 0,000,000	20.00%	168,403	8.42	168,403	"
President Coffee Corp.	9,313,920	130,210	-	11,153	-	-	9,313,920	30.00%	141,363	15.18	141,376	"
Mister Donut Taiwan Corp.	10,000,000	126,249	-	14,367	-	-	1 0,000,000	50.00%	140,616	14.13	141,271	"
Q-ware Systems & Services Corp.	19,157,720	149,499	-	-	-	(1,933)	1 9,157,720	22.68%	147,566	6.72	128,732	"
Uni-President Department Store Corp.	35,000,000	249,117	21,000,000	210,000	-	(108,088)	5 6,000,000	70.00%	351,029	6.28	351,435	"
President Pharmaceutical Corp.	14,600,494	324,820	-	20,343	-	-	1 4,600,494	73.74%	345,163	12.76	186,330	"
President Musashino Corp.	20,916,000	218,302	-	8,546	-	-	2 0,916,000	40.00%	226,848	10.70	223,833	"
Duskin Serve Taiwan Co.	15,300,000	94,551	-	9,470	-	-	1 5,300,000	51.00%	104,021	6.81	104,141	"
Marks and Spencer Taiwan Co., Ltd.	-	-	12,826,412	128,264	-	(20,803)	1 2,826,412	40.00%	107,461	8.32	106,664	"
Muji Taiwan Co. Ltd. Etc.	skipped	589,867	skipped	46,133	skipped	(47,245)	skipped	skipped	588,755	skipped	558,454	"
		<u>\$ 6,352,509</u>		<u>\$ 962,522</u>		<u>(\$ 2 14,606)</u>			<u>\$ 7,100,425</u>			

President Chain Store Corporation
Statement of changes in long-term investment under equity method
January 1 to June 30, 2007

Currency expression: NTD 1,000

Item	Beginning Balance	Increase in current period	Decrease in current period	Reclassification	Balance at ending of period	Facts of pledge or collateralization	Remarks
Land	\$1,534,725	\$ -	\$ -	\$ -	\$ 1,534,725	None	
Buildings	930,971	218	-	-	931,189	"	
Machinery and equipment	8,486,401	1,048,629	(208,816)	-	9,326,214	"	
Lease improvement	3,986,263	290,390	(87,695)	5,410	4,194,368	"	
Other equipment	13,241	-	(516)	-	12,725	"	
Construction in progress and prepayment for equipment	1,578	8,761	-	(5,410)	4,929	"	
	<u>\$14,953,179</u>	<u>\$1,347,998</u>	<u>(\$297,027)</u>	<u>\$ -</u>	<u>\$ 16,004,150</u>		

President Chain Store Corporation
Statement of changes in accumulated depreciations of fixed assets
January 1 to June 30, 2007

Currency expression: NTD 1,000

Item	Beginning Balance	Increase in current period	Decrease in current period	Balance at ending of period	Remarks
Building	\$ 139,435	\$ 8,798	\$ -	\$ 148,233	
Machinery and equipment	5,465,685	566,388	(202,521)	5,829,552	
Lease improvement	2,484,527	278,661	(74,362)	2,688,826	
Other equipment	12,210	168	(516)	11,862	
	<u>\$ 8,101,857</u>	<u>\$ 854,015</u>	<u>(\$ 277,399)</u>	<u>\$ 8,678,473</u>	

(Blank hereunder)

President Chain Store Corporation
Statement of Corporate Bonds
June 30, 2007

Currency expression: NTD 1,000

Name of securities	Consignor	Date of issuance	Date of interest disbursement	Interest rate	Amount					Method of retirement	Status of surety	Remarks
					Outstanding amount	Retired amount	Balance at ending of period	Unamortized allowance	Book value			
2nd tranche of secured bonds	Trust Department, Head Office, China Trust Commercial Bank	Jun.10, 2003 ~ Jun.13, 2008	Note	Note	\$ 1,500,000	(\$ 400,000)	\$ 1,100,000	-	\$ 1,100,000	Note	Note	-
Less: Current portion							(1,100,000)					
							\$ -					

Note: please refer to Note IV(12).

(Blank hereunder)

President Chain Store Corporation
List of Operating Revenues
January 1 to June 30, 2007

Currency expression: NTD 1,000

<u>Item</u>	<u>Amount</u>	<u>Remarks</u>
Store revenues	\$ 49,636,551	These are the income from the sales of foodstuffs, canned goods, beverages, and daily necessities.
Other operating incomes	1,702,956	These are the income from the commissions on collection services and marketing bonuses from suppliers.
	<u>\$ 51,339,507</u>	

(Blank hereunder)

President Chain Store Corporation
List of Operating Cost
January 1 to June 30, 2007

Currency expression: NTD 1,000

Item	Amount
Inventory at beginning	\$ 2,890,681
Purchasing current period	37,052,911
Purchasing bonuses from suppliers	(7 03,825)
Subsidies for defective merchandize	(1 88,661)
Inventory at end	(2,938,513)
Cost of operation	<u>\$ 36,112,593</u>

(Blank hereunder)

President Chain Store Corporation
List of selling expenses
January 1 to June 30, 2007

Currency expression: NTD 1,000

Item	Amount
Performance bonuses for franchise stores	\$5,184,453
Rental expenditure	2,386,048
Salary expenses	1,402,610
Depreciation	821,538
Utilities	632,929
Other expenses	1,451,832
	<u>\$11,879,410</u>

(Blank hereunder)