

**President Chain Store Corporation**  
**Consolidated Balance Sheet**  
**At the end of Dec. 31, 2007 and 2006**

Unit : NTS '000

	<u>2007</u>		<u>2006</u>			<u>2007</u>		<u>2006</u>	
<b>Assets</b>					<b>Liabilities and Shareholders' equity</b>				
<b>Current assets</b>					<b>Liability</b>				
Cash and cash equivalents	\$8,770,296	15.3%	\$6,095,851	12.4%	Short-term debt	\$1,448,978	2.5%	\$1,215,758	2.5%
Financial assets whose changes in fair value are recognized in earnings-current	3,650,678	6.4%	1,421,770	2.9%	Short-term notes and bills payable	509,456	0.9%	502,333	1.0%
Net accounts receivable	2,252,675	3.9%	2,175,152	4.4%	Derivative financial liabilities for hedging- current	5,070	0.0%	0	0.0%
Other receivable	795,397	1.4%	814,272	1.7%	Notes payable	1,434,584	2.5%	2,744,318	5.6%
Inventories	7,524,707	13.1%	6,363,162	12.9%	Accounts payable	9,340,157	16.3%	8,193,771	16.6%
Prepayments	1,240,005	2.2%	1,034,180	2.1%	Accounts payable-related parties	1,900,468	3.3%	1,753,803	3.6%
Other current assets	423,424	0.7%	393,472	0.8%	Income taxes payable	795,612	1.4%	814,626	1.7%
Total current assets	<u>24,657,182</u>	<u>43.0%</u>	<u>18,297,859</u>	<u>37.2%</u>	Accrued expenses	3,807,818	6.6%	3,639,426	7.4%
<b>Funds and long-term investments</b>					Other accounts payable	6,684,334	11.7%	5,395,771	11.0%
Available-for-sale financial assets- non current	739,867	1.3%	522,623	1.1%	Advance receipts	1,237,465	2.2%	1,321,644	2.7%
Financial assets measured at cost- non current	12,485,634	21.8%	13,190,071	26.8%	Long-term liabilities-current portion	<u>1,529,664</u>	<u>2.7%</u>	<u>1,265,608</u>	<u>2.6%</u>
Long-term investments (Equity method)	<u>852,795</u>	<u>1.5%</u>	<u>768,977</u>	<u>1.6%</u>	Total current liabilities	<u>28,693,606</u>	<u>50.1%</u>	<u>26,847,058</u>	<u>54.5%</u>
Total funds and long-term investments	<u>14,078,296</u>	<u>24.6%</u>	<u>14,481,671</u>	<u>29.4%</u>	<b>Long-term liabilities</b>				
<b>Fixed assets</b>					Derivative financial liabilities for hedging- non current	0	0.0%	14,994	
<b>Cost</b>					Corporate bond	0	0.0%	1,100,000	2.2%
Land	2,251,524	3.9%	2,022,086	4.1%	Long-term loans	7,560,699	13.2%	858,653	1.7%
Building	2,223,326	3.9%	2,059,821	4.2%	Long-term notes and accounts payable-related parties	79,721	0.1%	116,532	0.2%
Transportation equipment	2,128,341	3.7%	1,950,287	4.0%	Total long-term liabilities	<u>7,640,420</u>	<u>13.3%</u>	<u>2,090,179</u>	<u>4.2%</u>
Operating equipment	12,779,434	22.3%	11,338,839	23.0%	<b>Other liabilities</b>				
Lease improvement	7,484,479	13.1%	6,157,135	12.5%	Accrued pension liabilities	520,924	0.9%	511,364	1.0%
Other equipment	<u>2,746,014</u>	<u>4.8%</u>	<u>1,687,160</u>	<u>3.4%</u>	Guarantee deposit received	1,986,894	3.5%	1,772,856	3.6%
Cost and revaluation	29,613,118	51.7%	25,215,328	51.2%	other liabilities-other	<u>28,606</u>	<u>0.0%</u>	<u>0</u>	<u>0.0%</u>
Less: accumulated depreciation	(15,107,170)	-26.4%	(12,911,638)	-26.2%	Total other liabilities	<u>2,536,424</u>	<u>4.4%</u>	<u>2,284,220</u>	<u>4.6%</u>
Less: accumulated impairment	(3,033)	0.0%	0	0.0%	Total liabilities	<u>38,870,450</u>	<u>67.9%</u>	<u>31,221,457</u>	<u>63.4%</u>
Construction in progress and prepayments for equipment	<u>182,502</u>	<u>0.3%</u>	<u>145,488</u>	<u>0.3%</u>	<b>Shareholders' equity</b>				
Total net fixed assets	<u>14,685,417</u>	<u>25.6%</u>	<u>12,449,178</u>	<u>25.3%</u>	Capital				
<b>Intangible assets</b>					Common stock	9,151,604	16.0%	9,151,604	18.6%
Cost of computer software	120,554	0.2%	73,097	0.1%	Retained earnings				
Other intangible assets	<u>475,464</u>	<u>0.8%</u>	<u>336,644</u>	<u>0.7%</u>	Legal reserve	2,925,882	5.1%	2,543,649	5.2%
Total intangible assets	<u>596,018</u>	<u>1.0%</u>	<u>409,741</u>	<u>0.8%</u>	Special reserve	0	0.0%	531	0.0%
<b>Other assets</b>					Unappropriated earnings	3,649,236	6.4%	3,921,243	8.0%
Assets leased to others	1,008,617	1.8%	1,061,352	2.2%	Other adjustments in shareholders' equity				
Idle assets	0	0.0%	321,931	0.7%	Unrealized revaluation gains	469,191	0.8%	359,191	
Redundable deposit	1,726,223	3.0%	1,632,947	3.3%	Cumulative translation adjustment	58,567	0.1%	6,956	0.0%
Other assets-other	<u>528,169</u>	<u>0.9%</u>	<u>580,532</u>	<u>1.2%</u>	Minority interest	<u>2,154,992</u>	<u>3.8%</u>	<u>2,030,580</u>	<u>4.1%</u>
Total other assets	<u>3,263,009</u>	<u>5.7%</u>	<u>3,596,762</u>	<u>7.3%</u>	Total shareholders' equity	<u>18,409,472</u>	<u>32.1%</u>	<u>18,013,754</u>	<u>36.6%</u>
<b>Total assets</b>	<u>\$57,279,922</u>	<u>100.0%</u>	<u>\$49,235,211</u>	<u>100.0%</u>	<b>Liabilities and shareholders' equity</b>	<u>\$57,279,922</u>	<u>100.0%</u>	<u>\$49,235,211</u>	<u>100.0%</u>

**President Chain Store Corporation**  
**Consolidated Income Statement**  
**For the period ended Dec. 31, 2007 and 2006**

Expressed in NT '000

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Operating revenue</u></b>				
Net sales	\$134,042,809	94.41%	\$125,487,012	94.39%
Other operating revenue	7,938,831	5.59%	7,457,564	5.61%
<b>Total operating revenue</b>	141,981,640	100.00%	132,944,576	100.00%
<b><u>Operating cost</u></b>				
Cost of goods sold	(98,323,983)	-69.25%	(93,041,700)	-69.99%
<b>Gross profit</b>	43,657,657	30.75%	39,902,876	30.01%
<b><u>Operating expenses</u></b>				
Selling expenses	(31,571,469)	-22.24%	(28,083,109)	-21.12%
General and administration expenses	(7,034,793)	-4.95%	(6,700,076)	-5.04%
<b>Total operating expenses</b>	(38,606,262)	-27.19%	(34,783,185)	-26.16%
<b>Operating income</b>	5,051,395	3.56%	5,119,691	3.85%
<b><u>Non-operating income</u></b>				
Interest Income	59,598	0.04%	31,775	0.02%
Gain on valuation of financial assets	3,058	0.00%	10,744	0.01%
Dividend Income	51,572	0.04%	191,994	0.14%
Gain on disposal of investments	117,302	0.08%	5,675	0.00%
Rental Income	93,556	0.07%	83,482	0.06%
Others	1,108,392	0.78%	788,823	0.59%
<b>Total non-operating income</b>	1,433,478	1.01%	1,112,493	0.84%
<b><u>Non-operating expenses</u></b>				
Interest expenses	(194,533)	-0.14%	(164,284)	-0.12%
Loss on investments (equity method)	(104,310)	-0.07%	(37,397)	-0.03%
Loss on disposal of fixed assets	(57,313)	-0.04%	(40,493)	-0.03%
Allowance for reduction of inventory to market	(62,258)	-0.04%	(24,498)	-0.02%
Impairment Loss	(638,540)	-0.45%	(322,074)	-0.24%
Others	(128,554)	-0.09%	(111,192)	-0.08%
<b>Total non-operating expenses</b>	(1,185,508)	-0.83%	(699,938)	-0.53%
<b>Income before tax</b>	5,299,365	3.73%	5,532,246	4.16%
<b>Income Tax</b>	(1,497,161)	-1.05%	(1,491,698)	-1.12%
<b>Cumulative effect of changes in accounting principles</b>	0	0.00%	9,773	
<b>Net Income After Tax</b>	<b><u>\$3,802,204</u></b>	<b><u>2.68%</u></b>	<b><u>\$4,050,321</u></b>	<b><u>3.05%</u></b>
<b>Attributed to:</b>				
Shareholders of the Company	\$3,622,413	2.55%	\$3,822,328	2.88%
Minority Interests	179,791	0.13%	227,993	0.17%
	<b><u>\$3,802,204</u></b>	<b><u>2.68%</u></b>	<b><u>\$4,050,321</u></b>	<b><u>3.05%</u></b>
<b>Earnings per share (in NT \$ dollars)</b>				
	(pre-tax)	(after tax)	(pre-tax)	(after tax)
<b>Net Income After Tax</b>	\$ 5.79	\$ 4.16	\$ 6.05	\$ 4.43
<b>Minority Interests</b>	(0.32)	(0.20)	(0.38)	(0.25)
<b>Shareholders of the Company</b>	\$ 5.47	\$ 3.96	\$ 5.67	\$ 4.18

**President Chain Store Corporation**  
**Consolidated Statement of Cash Flows**  
**For the period ended Dec. 31, 2007 and 2006**

Unit : NT\$ '000

	<u>2007</u>	<u>2006</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Consolidated Net Income:	\$ 3,802,204	\$ 4,050,321
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Loss (Gain) on valuation of financial assets	(3,058)	(10,744)
Allowance for reduction of inventory to market	62,258	24,498
Depreciation	3,135,196	2,907,814
Amortization	306,044	404,672
Gain on disposal of financial assests measured at cost	(119,747)	0
Financial assests measured at cost- impairment losses	630,922	173,552
Cash dividend from long-term investment under equity method	28,415	-
Investment loss (gain) recognized under equity method	104,310	37,397
Goodwill-impairment loss	0	148,522
Impairment loss on fixed and idle assets	7,617	-
Loss on disposal of fixed assets	57,313	40,493
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(77,523)	(468,812)
Other accounts receivable	18,875	11,299
Inventories	(1,223,803)	(528,742)
Prepayments	(205,825)	(62,819)
Deferred income tax	(37,346)	(22,111)
Other current assets	6,651	(83,678)
Notes payable	(1,309,734)	1,145,206
Accounts payable	1,293,051	937,419
Income tax payable	(19,014)	96,827
Accrued expenses	168,391	485,835
Other accounts payable	1,086,425	850,076
Advance receipts	(84,179)	307,015
Accured pension liabilities	9,560	1,438
Other liabilities-other	28,606	0
Net cash provided by operating activities	<u>7,665,609</u>	<u>10,445,478</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Increase in financial assets whose changes in fair value are recognized in earnings	(2,225,850)	(429,237)
Acquisition of long-term investment-equity method	(307,492)	(156,870)
Acquisition of long-term investment-cost method	(269,055)	(570,000)
Proceeds from disposal of financail assets measured at cost	361,415	7,697
Capital reduction for cost method investment	66,947	0
Purchase of fixed assets	(4,895,148)	(3,269,556)
Proceeds from disposal of fixed assets	30,935	59,284
Increase in intangible assets	(241,007)	(17,772)
Increase in refundable deposit	(93,276)	(76,405)
Increase in other assets	(185,819)	(406,260)
Net cash used for investing activities	<u>(7,758,350)</u>	<u>(4,859,119)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Increase in short-term debt	\$ 233,220	\$ 473,016
(Decrease) Increase in short-term notes and bills payable	7,123	(186,670)
(Decrease) Increase in long-term loans	6,729,291	(1,091,980)
Payback of corporate bond	(900,000)	(200,000)
Increase in guarantee deposit received	214,038	200,032
Payment of cash dividends	(3,203,062)	(3,111,545)
Payment of directors' remuneration & employees' bonus	(309,656)	(267,412)
Increase in minority interest	(55,379)	120,547
Net cash provided by financing activities	<u>2,715,575</u>	<u>(4,064,012)</u>
Cumulative translation adjustment	51,611	7,487
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	2,674,445	1,529,834
BEGINNING BALANCE OF CASH AND CASH EQUIVALENT	<u>6,095,851</u>	<u>4,566,017</u>
ENDED BALANCE OF CASH AND CASH EQUIVALENT	<u>\$8,770,296</u>	<u>\$6,095,851</u>

**Supplement disclosures of cash flow information**

Interest paid	<u>\$176,182</u>	<u>\$136,850</u>
Income tax paid	<u>\$1,462,550</u>	<u>\$1,350,447</u>

**Investing and financing activities of partial payment on cash:**

Purchase of property, plant and equipment	\$5,097,287	\$3,357,557
Less: ended balance of account payable on equipment	(713,199)	(511,060)
Add: beginning balance of account payable on equipment	<u>511,060</u>	<u>423,059</u>
Cash purchase of property, plant and equipment	<u>\$4,895,148</u>	<u>\$3,269,556</u>