

President Chain Store Corporation
Financial Statement & Independent Auditor's Report
1st Quarter of 2006 and 2005
(Stock Code 2912)
【Translated Version】

Independent Auditor's Report

To: President Chain Store Corporation

We have audited the balance sheets of President Chain Store Corporation prepared on March 31, 2006 and 2005, and the income statements, statements of change in shareholders' equity and statements of cash flow covering the period of January 1 to March 31, 2006 and 2005. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our review.

We conducted our review planning in accordance with Auditing Standards Communiqué No. 36 "Financial Statements Review" except for the events disclosed in the following paragraph. We have only performed analysis, comparison, and query instead of conducting our audit in accordance with generally accepted auditing standards. Therefore, we are unable to form an opinion on the referred financial statements referred to in the preceding paragraph.

As stated in Note 4(6) to the Financial Statements, the long-term equity investment of President Chain Store Corp. that was valued with Equity Method on March 31, 2006 and 2005 amounted to NT\$5,588,637 thousand and NT\$5,097,931 thousand, respectively; also, the cumulative translation adjustment amounted to NT\$(531) thousand and NT\$(55,758) thousand, respectively. The investment income generated on January 1 ~ March 31, 2006 and 2005 amounted to NT\$69,579 thousand and NT\$11,209 thousand, respectively. The information of investees disclosed in Note 11 was based on the uncertified financial statements of the investees in the same period.

According to our review, except for some of the financial statements of the invested company that may have caused minor adjustment to the financial statements afterwards, the financial statements referred to in the preceding paragraph present fairly in conformity with "Security Issuer Financial Statement Standard" and generally accepted accounting principles without any modification needed.

Pricewaterhouse Coopers
Lin Tung-Chiao, CPA
Chen Mei-Tzu, CPA

April 26, 2006

President Chain Store Corporation
Balance Sheet
March 31, 2006 & 2005

Currency expression: NTD 1,000

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

Assets	June 30 2006		June 30 2005		Liabilities and Shareholders' Equity	June 30 2006		June 30 2005	
	Amount	%	Amount	%		Amount	%	Amount	%
Current Assets					Current Liabilities				
Cash and cash equivalence (Note IV(1))	\$ 1,320,916	4	\$ 984,658	3	Short-term bills payable	\$ -	-	\$ 199,957	1
Financial assets which change in fair values are recognized as gains or losses-current (Notes III, IV(2))	81,370	-	783,322	3	Note payables- related parties	564,552	2	405,783	1
Investments in bonds with no public quotations -current	40,000	-	40,000	-	Account payables (Note V)	453,115	1	807,645	2
Net account receivables	312,438	1	313,591	1	Account payables - related parties	294,768	1	179,972	1
Other receivables (Note V)	329,045	1	341,343	1	Payable income tax (Note V)	4,728,530	14	4,343,452	13
Inventory (Note IV (2))	2,706,668	8	2,304,581	7	Accrued expenses (Note IV (14))	798,889	2	516,654	2
Other current assets (Notes IV (14), V and VII)	929,890	3	738,816	2	Other payables (Notes IV (9), and V)	1,548,586	5	1,427,294	4
Total current assets	5,720,327	17	5,506,311	17	Advance payment from customers (Note IV (10))	3,245,790	10	2,693,002	8
Funds and investments					Current Liabilities	864,329	2	657,950	2
Financial assets available for sales-noncurrent (Note IV(4))	395,937	1	140,534	1	Current portion of long-term debts (Note IV (11))	900,000	3	-	-
Financial assets estimated on basis of cost-noncurrent (Note IV(5))	11,970,282	36	11,803,819	36	Total current liabilities	13,398,559	40	11,231,709	34
Investment in bonds with no public quotations- noncurrent	20,000	-	60,000	-	Derivative liabilities for hedge -noncurrent (Note X(4))	24,777	-	-	-
Long-term investments under equity method (Note IV (6))	5,588,637	17	5,097,931	15	Outstanding bonds (Note IV (11))	1,300,000	4	2,200,000	6
Total funds and investments	17,974,856	54	17,102,284	52	Long-term loans (Note IV (13))	500,000	2	3,200,000	10
Fixed assets					Total long-term liabilities	1,824,777	6	5,400,000	16
Costs					Other liabilities				
Lands	1,538,232	5	2,911,091	9	Accrued pension liabilities (Note IV (12))	358,790	1	361,110	1
Buildings and construction	931,193	3	1,362,762	4	Guarantee deposit received	1,419,744	4	1,186,700	4
Operating equipment	8,107,691	24	7,759,649	23	Total other liabilities	1,778,534	5	1,547,810	5
Leasehold improvement	3,583,498	11	3,188,801	10	Total liabilities	17,001,870	51	18,179,519	55
Miscellaneous equipment	13,411	-	20,972	-	Shareholders' Equity				
Cost and revaluation	14,174,025	43	15,243,275	46	Capital Stock (Note IV (15))				
Less: accumulated depreciations (Note IV)	(7,389,343)	(22)	(6,477,023)	(20)	Common stocks	9,151,604	28	9,151,604	28
Construction in process and prepayment for machinery	-	-	225,463	1	Retained earnings (Note IV (16))				
Net fixed assets	6,784,682	21	8,991,715	27	Legal reserve	2,178,381	7	1,873,794	5
Other assets					Special reserve	55,758	-	-	-
Assets for lease (Notes IV (8))	1,011,411	3	-	-	Unpaid incomes	4,454,405	13	3,902,932	12
Idle Assets	324,341	1	-	-	Other adjustments to shareholders' equity				
Refundable deposits (Note VII)	1,013,552	3	838,499	2	Unrealized gains from financial instruments (Note III)	230,626	1	-	-
Other assets -miscellaneous	242,944	1	613,282	2	Cumulative translation adjustments	(531)	-	(55,758)	-
Total other assets	2,592,248	8	1,451,781	4	Total shareholders' equity	16,070,243	49	14,872,572	45

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated April 26, 2006

President Chain Store Corporation
Balance Sheet
March 31, 2006 & 2005

Currency expression: NTD 1,000

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

	June 30 2006		June 30 2005			June 30 2006		June 30 2005	
Assets	Amount	%	Amount	%		Amount	%	Amount	%
Total Assets	<u>\$ 33,072,113</u>	<u>100</u>	<u>\$ 33,052,091</u>	<u>100</u>					
						<u>Liabilities and Shareholders' Equity</u>			
						Undertakings or contingent liabilities (Notes V, VII)			
						Total liabilities and shareholders' equity			
	<u>\$ 33,072,113</u>	<u>100</u>	<u>\$ 33,052,091</u>	<u>100</u>		<u>\$ 33,072,113</u>	<u>100</u>	<u>\$ 33,052,091</u>	<u>100</u>

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated April 26, 2006

President Chain Store Corporation
Income Statements
January 1 to March 31, 2006 and 2005

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

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

	<u>January 1 to March 31, 2006</u>		<u>January 1 to March 31, 2005</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating revenue				
Sales	\$ 21,840,983	96	\$ 19,094,956	97
Other operating revenue (Note V)	<u>796,102</u>	<u>4</u>	<u>663,371</u>	<u>3</u>
Total operating revenue	22,637,085	100	19,758,327	100
Operating cost (Note V)				
Cost of goods sold	(<u>16,013,179</u>)	(<u>71</u>)	(<u>13,961,813</u>)	(<u>71</u>)
Gross Profit	<u>6,623,906</u>	<u>29</u>	<u>5,796,514</u>	<u>29</u>
Operating expenses (Notes IV (12), V)				
Selling expenses	(<u>5,177,740</u>)	(<u>23</u>)	(<u>4,612,394</u>)	(<u>23</u>)
General and administration expenses	(<u>708,851</u>)	(<u>3</u>)	(<u>587,944</u>)	(<u>3</u>)
Total operating expenses	(<u>5,886,591</u>)	(<u>26</u>)	(<u>5,200,338</u>)	(<u>26</u>)
Operating income	<u>737,315</u>	<u>3</u>	<u>596,176</u>	<u>3</u>
Non-operating incomes				
Gain on valuation of financial assets	1,049	-	6,600	-
Investment loss (equity method) (Note IV (6))	69,579	-	11,209	-
gains on disposal of investment	20,083	-	-	-
Miscellaneous incomes (Note V)	<u>128,779</u>	<u>1</u>	<u>103,152</u>	<u>1</u>
Total non-operating income	<u>219,490</u>	<u>1</u>	<u>120,961</u>	<u>1</u>
Non-operating expenses				
Interest	(<u>20,213</u>)	-	(<u>20,003</u>)	-
Allowance for reduction of inventory to market	(<u>34,707</u>)	-	-	-
Impairment	(<u>23,648</u>)	-	(<u>15,217</u>)	-
Miscellaneous expenses	(<u>27,857</u>)	-	(<u>16,712</u>)	-
Total non-operating expenses	(<u>106,425</u>)	-	(<u>51,932</u>)	-
EBT of continued operations	850,380	4	665,205	4
Income tax expense (Note IV (14))	(<u>184,261</u>)	(<u>1</u>)	(<u>164,458</u>)	(<u>1</u>)
Earnings of continued operations	666,119	3	500,747	3
Accumulated effects from changes in accounting principles (Note III)	<u>373</u>	-	-	-
Corporate earnings current period	<u>\$ 666,492</u>	<u>3</u>	<u>\$ 500,747</u>	<u>3</u>
	<u>Before</u>	<u>After</u>	<u>Before</u>	<u>After</u>
	<u>taxation</u>	<u>Taxation</u>	<u>taxation</u>	<u>Taxation</u>
Basic EPS (Note IV (17))				
Net EPS current period	<u>\$ 0.93</u>	<u>\$ 0.73</u>	<u>\$ 0.73</u>	<u>\$ 0.55</u>

The accompanying notes constituted an integral part of the financial statements,
Please refer to the report of independent accountants dated April 26,2006

President Chain Store Corporation
Statement of Cash Flow
January 1 to March 31, 2006 and 2005

Currency expression: NTD 1,000

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

	January 1 to March 31, 2006	January 1 to March 31, 2005
<u>Cash flow from operations</u>		
Earnings in current period	\$ 666,492	\$ 500,747
Adjustments		
Gain on valuation of financial assets	(1,049)	(6,600)
Allowance for reduction of inventory to market	34,707	-
Depreciation	415,839	418,778
Amortizations	97,412	94,096
Impairment loss of financial assets carried at cost	23,648	15,217
Investment income under equity method	(69,579)	(11,209)
Capital gains from the disposition of long-term investments under equity method	(52,380)	-
Loss from the disposal of fixed assets, net	17,055	4,857
Depreciation expense of leasing assets and idling assets	3,562	-
Changes in asset and liability accounts		
Accounts receivable, net	69,824	(65,072)
Other receivables	60,824	(15,992)
Inventory	14,091	(102,024)
Prepayments	(112,232)	11,381
Deferred income tax assets	(8,206)	(1,559)
Note payables	(70,468)	(11,691)
Notes payable – related party	(421,540)	(106,037)
Payables	590,484	339,301
Payable income tax	191,046	162,583
Accrued expenses	(506,703)	(270,246)
Other payables	(464,597)	392,367
Cash in advance	18,724	72,407
Accrued pension liabilities	(962)	(953)
Net cash inflows from operation	495,992	1,420,351
<u>Cash flows from investments</u>		
Decrease (increase) in financial assets in which changes in fair values are recognized as gains or losses	(75,368)	(533,744)
Payment for acquisition of long-term investments under equity method	(52,500)	-
Proceeds from dispositions of long-term investments under equity method	94,988	-
Financial assets acquired on basis of cost	-	(3,382,580)
Decrease in financial assets on basis of cost	797	-
Increase in refundable deposits	(134,677)	(19,181)
Payment for the purchase of fixed assets	(345,506)	(368,111)
Proceeds from disposition of fixed assets	6,446	2,057
Decrease of other assets	-	4,897
Net cash outflows from investments	(505,820)	(4,296,662)

(Continue)

President Chain Store Corporation
Statement of Cash Flow
January 1 to March 31, 2006 and 2005

Currency expression: NTD 1,000

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

	January 1 to March 31, 2006	January 1 to March 31, 2005
<u>Cash flows from financing</u>		
Increase of short-term bills payable	\$ -	\$ 199,957
Long-term loan	-	3,200,000
Repayment of long-term loan	(820,000)	(500,000)
Increase in guarantee deposit received	<u>74,678</u>	<u>23,235</u>
Net cash inflows (outflows) from financing	<u>(745,322)</u>	<u>2,923,192</u>
Increase (decrease) in cash and cash equivalence in		
current period	(755,150)	46,881
Balances of cash and cash equivalence at beginning	<u>2,076,066</u>	<u>937,777</u>
Balances of cash and cash equivalence at ending	<u>\$ 1,320,916</u>	<u>\$ 984,658</u>
<u>Supplementary information on cash flows</u>		
Interest paid in current period	<u>\$ 29,325</u>	<u>\$ 27,412</u>
Income tax paid in current period	<u>\$ 1,421</u>	<u>\$ 316</u>
<u>Investments through partial payment in cash</u>		
Payment for the purchase of fixed assets	\$ 269,637	\$ 223,594
Add: payables for machinery at beginning	211,747	240,602
Less: payables for machinery at ending	<u>(135,878)</u>	<u>(96,085)</u>
Cash paid for the purchase of fixed assets	<u>\$ 345,506</u>	<u>\$ 368,111</u>

The accompanying notes constituted an integral part of the financial statements,
Please refer to the report of independent accountants dated April 26, 2006

President Chain Store Corporation
Notes to Financial Statements
January 1 to March 31, 2006 and 2005

Currency expression: NTD 1,000

Unless otherwise specified

I. Company history

- (I) President Chain Store Corporation (hereinafter referred to as “the Company”) was duly incorporated in the Republic of China on June 10, 1987 under applicable legal rules. The principal business of the Company includes investment and operation of convenience stores, retailing and sale of foods and canned products, 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 and the final parent of the Company is Uni-President Enterprises Corp.
- (III) As of March 31, 2006, the Company has 8,620 employees (including part-time workers).

II. Summary of significant accounting policies

This financial statement has been prepared in accordance with the “Guidelines Governing the Preparation of Financial Reports by Securities Issuers” and generally accepted accounting principles in the Republic of China. Significant accounting policies are explained as follows:

- (I) Current and noncurrent assets and liabilities
Assets that can be liquidated or consumed in one year are classified as current assets. All other assets not classified as current are noncurrent. Current liabilities are current portion of debts and liabilities not classified as current are noncurrent.
- (II) Foreign currency exchanges
 1. The accounts of the Company in bookkeeping are expressed in NT Dollars. Transactions in foreign currencies shall be converted into NT Dollars on the basis of the spot exchange rate as of the day of transactions for bookkeeping. 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 as of the balance sheet day. Differences resulting from the exchange are recognized as current gains or losses. Differences resulting from the exchange between the Company and foreign investees through advances for payment shall be recognized as adjustments to shareholders’ equity.
 3. Non-monetary assets or liabilities expressed in foreign currencies shall be estimated on the basis of fair values and the changes thereof shall be recognized as gains or losses at the end of the accounting period. Adjustments on the basis of the spot exchange rate as of the balance sheet day shall be made and the spread from the exchange shall be stated as current gains or losses. For assets or liabilities in which changes in fair value shall be recognized as adjustments to shareholders’ equity, adjustments shall be made on the basis of the spot exchange rate as of the balance sheet day. The spread from the exchange shall be recognized as adjustments to shareholders’ equity. For assets or liabilities estimated not on the basis of fair value, use the historical exchange rate as of the transaction day for estimation.

(III) Financial assets in which changes in fair value are recognized as gains or losses

1. Bookkeeping shall be made as of the day of trade for equity assets or liabilities, and as of the delivery day for warrants and rights. Initial recognition of the financial instruments in bookkeeping estimation shall be made on the basis of fair value.
2. Financial assets in which changes in fair value are recognized as gains or losses shall be estimated on the basis of fair value and in which changes are recognized as gains or losses. For 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.
3. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.

(IV) Financial assets available for sales

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 available for sales 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 are their respective price at close in the open market as of the balance sheet day.
3. Recognize as impairment loss with supporting evidence. Should there be decrease in the amount of subsequent impairment, recognize as adjustments to shareholders' equity for the decrease in impairment of equity items.
4. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.

(V) Investments in bonds with no public quotations in 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 open market, estimation shall be made on the basis of the cost after amortization.
3. Recognize as impairment loss with supporting evidence. Should there be decrease in the amount of subsequent impairment and it is obviously related to events 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 recognition of impairment loss.
4. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.

(VI) Financial assets carried at cost

1. The transaction day accounting principle is adopted for the bookkeeping of financial instruments and shall be estimated on the basis of fair values in initial recognition plus the acquisition cost or issuance cost.
2. Recognize as impairment loss with incriminating evidence. The amount of impairment loss cannot be reversed.
3. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.

(VII) Derivatives

1. Financial derivatives for trade: option trades shall be recognized on the basis of fair value as of the day of trade. For derivative trade other than options, state the fair value as zero on the day of trade. Estimation on derivatives trade shall be based on the fair value as of the balance sheet day,

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 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 as follows in bookkeeping:

- (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 resulting from exchange rate fluctuation shall be recognized as 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 current gain or loss.
- (2) Hedge of cash flows: Any gain or loss of the hedging instruments shall be recognized as adjustments to shareholders' equity.

(VIII) Allowance for doubtful accounts

Allowance for doubtful accounts is determined on the basis of review of the collectibility of individual receivables at the end of the period with reference to their balances.

(IX) Inventories

Bookkeeping of inventories is made on the basis on the actual cost and costing is made on the basis of the retailing method.

(X) Long-term investments under equity method

1. The Company adopts the equity method in the accounting of investees where the Company holds more than 20% of their voting shares or where the Company has significant influence. The cost of investments 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.
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 making overseas investments accounted for under the equity method, the "cumulative translation adjustments" 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.

(XI) Fixed assets and non-operating assets

1. Bookkeeping of fixed assets shall be made on the basis of the cost of acquisition. 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 averaging method. With the exception of improvement in capital lease when term of lease is less than five years, all other fixed assets are depreciated with their years of services plus one year of residual value. For assets continued 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 8 years of services for depreciation purpose.
3. Spending on repair and maintenance is recognized as expenses for current period. Major additions or improvement shall be capitalized and depreciated. In 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. Assets that are not used for business operation are booked in the "Other assets" account according to the lower of net cash value or book value. Also, the accrued depreciation expense

is booked in the “Non-operating expense & loss” account.

(XII) Deferred expenses

Deferred expenses shall be accounted for on the basis of acquisition cost and amortized under the average method for a period of three years.

(XIII) Impairment of assets

1. Effective January 1, 2005, if the recoverable amount of assets falls below the book values of such assets due to the change in operation environment or the occurrence of a specific event, the resulting impairment loss shall be stated as recognized losses. Recoverable amount refers to the net fair value of 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 specific asset. Value for use refers to the expected amount of cash flows generated by specific assets in subsequent years of service under discount value method.
2. An impairment loss in previous years could be reversed if there is a subsequent recovery after 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 current period.

(XV) Income Tax

1. The Company adopts Financial Accounting Standards No. 22 “Accounting for Income Taxes” to compute income tax and recognize the deferred tax effect from temporary differences. The tax effect of taxable temporary differences is recognized as deferred income tax liabilities; while the tax effect of deductible temporary differences, operating loss carryforward and income tax credit are recognized as deferred income tax assets. Valuation allowance is recognized on deferred income tax assets that are not expected to be realized. Deferred income tax assets or liabilities are classified into current and noncurrent 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 undistributed earnings is recognized as income tax expenses incurred in the year of shareholders meeting resolution.
3. Pursuant to Financial Accounting Standards No. 12 on “Accounting For Tax Credits”, 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. Adjustments of tax liabilities carried forward are added to income tax expenses in current year.

(XVI) Recognition of revenue and cost

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

(XVII) Earnings per share

The Company computes the earnings per share by the weighted-average method. Earnings for 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 values 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 generally accepted accounting principles in the Republic of China, and has made necessary estimation, assessment and disclosures on the amount stated or contingencies, including certain assumptions and estimations. The actual results may vary from the assumptions and estimations, however.

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

(I) Impairment of asset

Effective January 1, 2005, the Company has adopted the newly announced Financial Accounting Standards No. 35 on "Impairment of Assets". Such change in accounting principles does not affect the presentation in the financial statements of the company in 1st Quarter of 2005.

(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. Accounting process prior to December 31, 2005:

For a holding of over 20% stock shares with voting right of the invested company or with significant influence, the difference between investment cost and net equity value on the investment date that is as a result of the book value of assets exceeding or below than fair value is to be written off in a lump sum upon the resolution of overestimation or underestimation. However, if the root cause of the overestimation or underestimation cannot be identified, the difference between investment cost and net equity value on the investment date is to be amortized over 5~10 years.

3. The said accounting policy change had caused the net income and earnings per share in the first quarter of 2006 to go up by NT\$41,110 and NT\$0.04, respectively.

(III) Financial instruments

1. Effective January 1, 2006, the Company has adopted the principles under Financial Accounting Standards No. 34 on "Financial Instruments: Recognition and Measurement" and No. 36 on "Financial Instruments: Disclosure and Presentation" in its accounting policies. The Company has reclassified some account titles on or before December 31, 2005 in accordance with the Guidelines Governing the Preparation of Financial Reports By Securities Issuers and Financial Accounting Standards No. 34 on "Financial Instruments: Recognition and Measurement" and No. 36 on "Financial Instruments: Disclosure and Presentation".

2. Account titles used in bookkeeping on and before December 31, 2005:

(1) Short-term investments

Short-term investments are carried at cost under the moving average method. Valuation of investments is made under the lower of the cost and market price method at the end of the accounting period. Losses from falling prices are recognized as current losses. In comparing the cost with market price of stocks listed in centralized market, the average market price at close for the last month of the accounting period is taken as the market price. For open-end funds, the net asset value per unit as of the balance sheet day of the respective fund shall be taken as the market price.

(2) Long-term investments under cost method

The Company adopts the method of the lower of the cost and market price in the valuation of investees (listed companies) where the Company holds less than 20% of their voting shares and doesn't have significant influence. Unrealized loss resulting from the falling price or market price below the cost shall be debited to shareholders' equity. For investees not listed in the centralized market, valuation is made on the basis of cost. If however evidence suggests that the recovery of such value is unlikely due to significant impairment, it is recognized as investment loss and stated as current losses.

(3) Derivative trade – Interest Rate Swap contracts:

No actual transfer of principal in IRS trade and only a memorandum will be signed for transaction purposes. Payable or receivable interest of IRS contracts not held for trading accrued in the period from the contract settlement day and the balance sheet day shall be recognized as adjustments to interest expenses on hedging.

3. The said accounting policy change had caused the total assets and shareholders' equity on March 31, 2006 to go up by NT\$230,626 (booked in the "Unrealized gains/losses of financial products"), respectively, but it is without significant influence on the net income in the 1st quarter of 2006.

IV. Summary on major account titles

(I) Cash and cash equivalence

	March 31,2006	March 31,2005
Cash on hand and working capital of stores	\$ 332,267	\$ 242,808
Bank Deposit	988,649	741,850
	<u>\$ 1,320,916</u>	<u>\$ 984,658</u>

(II) Financial instruments with changes in fair values are recognized as gains or losses -current

	March 31,2006	March 31,2005
Financial instruments held for disposals		
Stocks with public quotations	\$ 91, 661	\$ 298, 927
Open-ended funds	-	555, 000
	<u>91, 661</u>	<u>853, 927</u>
Trade-oriented financial assets valuation adjustment	(10, 291)	(70, 605)
	<u>\$ 81, 370</u>	<u>\$ 783, 322</u>

(III) Inventories

	<u>March 31 2006</u>	<u>March 31 2005</u>
Merchandises	\$ 2,810,482	\$ 2,304,581
Less: Allowance for inventory losses	(103,814)	-
	<u>\$ 2,706,668</u>	<u>\$ 2,304,581</u>

(IV) Financial instruments available for disposal-noncurrent

	<u>March 31 2006</u>	<u>March 31 2005</u>
Stock with public quotations	\$ 140,534	\$ 140,534
Financial assets for sale valuation adjustment	255,403	-
	<u>\$ 395,937</u>	<u>\$ 140,534</u>

(V) Financial instruments carried at cost -noncurrent

	<u>March 31 2006</u>	<u>March 31 2005</u>
Stocks listed in the emerging market	\$ 1,742,880	\$ 1,742,880
Stocks with no public quotation	10,227,402	10,060,939
	<u>\$ 11,970,282</u>	<u>\$ 11,803,819</u>

The instruments held by the Company have no public quotations in open market and there is no fair value for estimation. Please refer to Note 11(1). 3 for details.

(Blank hereunder)

(VI) Long-term investment under the equity method

Investees	March 31 2006		March 31 2005	
	Amount	Proportion of shareholding	Amount	Proportion of shareholding
President Chain Store (BVI) Holdings Ltd.	\$ 1,172,842	100.00	\$ 1,172,289	100.00
PCSC (China) Limited	372,224	100.00	64,873	100.00
Ren-Hui Investment Corp.	856,887	100.00	874,409	100.00
Mech-President Corp.	411,516	62.95	395,940	62.95
Uni-President Cold-Chain Corp.	324,127	60.00	296,213	60.00
Uni-President Takashimaya Co.	-	-	215,389	50.00
President Drugstore Business Corp.	355,326	100.00	306,838	100.00
President Information Corp.	179,890	70.00	196,918	70.00
Wisdom Distribution Service Corp.	173,806	100.00	152,579	100.00
President Transnet Corp.	206,648	70.00	195,808	70.00
Retail Support International Corp.	121,079	25.00	121,019	25.00
Uni-President Oven Bakery Corp.	114,760	60.00	160,346	60.00
President Coffee Corp.	148,905	30.00	116,409	30.00
President Yilan Art and Culture Corp.	91,678	90.00	143,793	90.00
Uni-President Development Corp.	182,783	20.00	85,574	20.00
Mister Donut Taiwan Corp.	128,659	50.00	97,915	50.00
Q-ware Systems & services Corp.	185,638	22.68	-	-
Muji Taiwan Co. etc	561,869	20.00~	501,619	20.00~
		100.00		100.00
	<u>\$ 5,588,637</u>		<u>\$ 5,097,931</u>	

The net long-term equity investment income of President Chain Store Corp. that was valued with Equity Method on January 1 - March 31, 2006 and 2005 amounted to NT\$69,579 and NT\$11,209, respectively; and it was valued in accordance with the uncertified financial statements of the invested company in the same period.

(VII) Accumulated depreciation

	March 31 2006	March 31 2005
Buildings and construction	\$ 127,536	\$ 157,470
Operating equipment	5,078,493	4,501,474
Leasehold improvement	2,171,224	1,798,781
Other equipment	12,090	19,298
	<u>\$ 7,389,343</u>	<u>\$ 6,477,023</u>

(VIII) Assets for lease

	<u>March 31 2006</u>		
	<u>Initial cost</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
Land	\$ 689,897	\$ -	\$ 689,897
Buildings and plant	<u>327,172</u>	<u>(5,658)</u>	<u>321,514</u>
	<u>\$ 1,017,069</u>	<u>(\$ 5,658)</u>	<u>\$ 1,011,411</u>

(IX) Accrued expenses

	<u>March 31 2006</u>	<u>March 31 2005</u>
Payable salaries and bonuses	\$ 611,972	\$ 585,799
Payable incentives for franchisee	433,002	318,511
Payable fees for system development and maintenance	136,354	106,018
Other	<u>367,258</u>	<u>416,966</u>
	<u>\$ 1,548,586</u>	<u>\$ 1,427,294</u>

(X) Other payables

	<u>March 31 2006</u>	<u>March 31 2005</u>
Bill collected for others	\$ 2,844,732	\$ 2,277,694
Payable for acquisition of fixed assets	135,878	96,085
Other	<u>265,180</u>	<u>319,223</u>
	<u>\$ 3,245,790</u>	<u>\$ 2,693,002</u>

(XI) Outstanding bonds

	<u>term</u>	<u>June 30 2006</u>	<u>June 30 2006</u>
1 st tranche of secured bonds	2002. 01. 16~2007. 01. 18	\$ 700,000	\$ 700,000
2 nd tranche of secured bonds	2003. 06. 10~2008. 06. 13	<u>1,500,000</u>	<u>1,500,000</u>
		2,200,000	2,200,000
Less: Current portion		<u>(900,000)</u>	<u>-</u>
		<u>\$ 1,300,000</u>	<u>\$ 2,200,000</u>

1. The issuance of the 1st tranche of secured corporate bonds

The Company has pledged with China Development Industrial Bank and Bank of Taiwan Chun Lun Branch for the issuance of its 1st tranche of secured bonds. This issue of bonds shall be redeemed in full at maturity at coupon rate of 2.8%. Simple interest shall be payable once annually in accordance with the coupon rate from the date of issuance.

According to the agreement binding the Company and Bank of Taiwan for entrusting the latter for surety in the issuance of bonds, this issue of bonds may be used only for the retirement of bank loans and reducing the spending on interest.

2. The issuance of the 2nd tranche of secured corporate bonds

The Company has pledged with Taipei Fubon Bank and Bank of Taiwan Chung Lun Branch for 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 coupon rate of 1.4%. Simple interest payable once annually in accordance with the coupon rate from the date of issuance.
- (2) Issue B: amounted to NT\$700 million at coupon rate of 4% less LIBOR rate or 4% less promissory note rate for 180 days renewable semi-annually. Simple interest is payable once semi-annually.

(XII) Pension Fund

1. The Company has instituted the regulations for defined pension plan under the “Labor Standards Law” applicable to the years of services of employees before July 1, 2005, the day that the new “Labor Pension Act” has come 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 with the Central Trust of China supervised by the Employee Pension Fund Reserve Supervisory Committee. Accordingly, the Company has made contribution to the special account in the 1st Quarter of 2006, amounting to \$421,628 and \$330,019 at recognized pension costs of \$20,066 and \$24,925 respectively.
2. The new law provided a defined contribution to pension plan. Effective July 1, 2005, the Company shall contribute the amount equivalent to 6% of the monthly salary of respective native 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\$29,972 in the 1st Quarter of 2006

(XIII) Long-term loan

<u>Loans</u>	<u>Repayment terms & conditions</u>	<u>March 31 2006</u>	<u>March 31 2005</u>
Credit loan	Revolving application before March 15, 2008	\$ 500,000	\$ -
	Revolving application before July 20, 2007	-	3,200,000
		<u>\$ 500,000</u>	<u>\$ 3,200,000</u>
Interest interval		<u>1.52%</u>	<u>1.45%~1.55%</u>

(XIV) Income Tax

1. Income tax and payable income tax

	January 1 to March 31, 2006	January 1 to March 31, 2005
Payable income tax	\$ 798,889	\$ 516,654
Income tax payable – beginning	(607,843)	(354,071)
Deferred income tax assets – net	(8,206)	1,559
Carried forward income tax liabilities	1,051	102
Income tax amount under the new taxation system	303	156
Prepaid income tax	67	58
Income tax expenses	<u>\$ 184,261</u>	<u>\$ 164,458</u>

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

	March 31 2006		March 31 2006	
	Amount	Effect of income tax	Amount	Effect of income tax
Current items (stated as other current assets in statement)				
Temporary difference				
Inventory losses	\$ 103,814	\$ 25,954	\$ -	\$ -
Bad debts	13,542	3,385	21,453	5,363
Employee fringe benefits	2,863	716	4,427	1,107
		<u>\$ 30,055</u>		<u>\$ 6,470</u>
Non-current items				
Temporary differences (stated as other assets- others in statement)				
Losses from overseas investments	\$ 444,415	\$ 111,104	\$ 299,863	\$ 74,966
Employees fringe benefits	1,133	283	3,996	999
		<u>111,387</u>		<u>75,965</u>
Less: allowance for reevaluation losses		<u>(111,104)</u>		<u>(74,966)</u>
		<u>\$ 283</u>		<u>\$ 999</u>

3. Income tax returns filed by the company have been approved by taxation authorities up to tax year 2003.

4. The Company has the following deductions not being consumed in the period January 1 to March 31, 2006 under applicable legal rules on eligible deductible items:

Legal sources	Deductible items	Total deductible amount	Unconsumed deductible balance
Statute for the Encouragement of Industrial Upgrading	Automation equipment and technology	\$ 12,517	\$ -

5. Details of unpaid incomes are shown as follows:

	<u>March 31 2006</u>	<u>March 31 2005</u>
Unpaid incomes carried forward to 1997	\$ 31, 142	\$ 31, 142
Unpaid incomes carried forward from 1998	<u>4, 423, 263</u>	<u>3, 871, 790</u>
Total	<u>\$ 4, 454, 405</u>	<u>\$ 3, 902, 932</u>

6. Information on new taxation system:

	<u>March 31 2006</u>	<u>March 31 2005</u>
Balance of shareholders deduction account	\$ <u>382, 578</u> <small>2005</small> <u>(Estimated amount)</u>	\$ <u>464, 923</u> <small>2004</small> <u>(Actual amount)</u>
Tax credit rate of retained earnings distributed	<u>10. 18%</u>	<u>29. 93%</u>

The estimated tax credit rate of 2005 was based on the tax credit account balance on March 31, 2006. The tax credit available to the shareholders of President Chain Store Corp. is based on the shareholder's tax credit account balance on the dividend and bonus distribution date; therefore, the tax credit rate for the distribution of retained earnings after 1998 to shareholders is net of all tax credit amounts available by tax law before the dividend and earnings distribution date.

(XV) Capital Stock

The Company has 960,000,000 authorized shares with 915,160,436 shares outstanding at NT\$10/share as of March 31, 2006 and 2005.

(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 2% 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 remunerations to directors and supervisors and employee bonus (of which 50% to 100% shall be paid out in cash dividend).
2. Statutory reserve may be used only for offsetting losses carried forward and increasing capitalization. If the balance of statutory reserve reaches 50% of the paid-in capital, half of the 50% shall be retained and the remainder may be capitalized as capital stock.
3. The Board of Directors resolved the distribution of retained earnings of 2005 on March 7, 2006 and has it submitted to the Shareholder's Meeting for approval.

Statutory reserve	\$	365,269
Cash dividend (NT\$3.4/share)		3,111,545
Cash bonus to employees		200,559
Remuneration to Directors & Supervisors		66,853
Total	\$	<u>3,744,226</u>

(XVII) Earnings per share of common stock

	January 1 to March 31 2006				
	Amount		Weighted average quantity of outstanding shares	EPS (currency: NTD)	
	Before taxation	After taxation		Before taxation	After taxation
Basic EPS					
Earnings for shareholders of common stock	\$850,380	\$666,492	915,160,436	\$ 0.93	\$ 0.73

	January 1 to March 31 2005				
	Amount		Weighted average quantity of outstanding shares	EPS (currency: NTD)	
	Before taxation	After taxation		Before taxation	After taxation
Basic EPS					
Earnings for shareholders of common stock	\$665,205	\$500,747	915,160,436	\$ 0.73	\$ 0.55

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

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

	Classification of operating expense	
	January 1 to March 31, 2006	January 1 to March 31, 2005
Human resources expenses		
Salaries	\$ 857,001	\$ 703,796
Labor and health insurance	66,093	54,143
Pension fund	50,038	24,925
Other human resources expenses	49,347	42,629
	\$ <u>1,022,479</u>	\$ <u>825,493</u>
Depreciations	\$ 415,839	\$ 418,778
Depletions	\$ -	\$ -
Amortizations	\$ 97,412	\$ 94,096

V. Related Party Transactions

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

Name of related parties	Relationship with the company
Uni-President Enterprises Corp.	Investing company that has President Chain Store Corp. valued with Equity Method
President Packing Inc. Corp. (PPI).	Investees of Uni-President Enterprises Corp under equity method
Tung Ang Enterprise Corp.	"
Presco Netmarketing Inc.	"
Uni-President Dream Parks Corp.	"
President Natural Industrial Corp.	"
President Securities Corp.	"
President Baseball Team Corp.	"
President Direct Marketing Corp.	Subsidiary
President Drugstore Business Corp.	"
Wisdom Distribution Service Corp.	"
Mech-President Corp.	"
Duskin Serve Taiwan Co.	"
Capital Inventory Services Corp.	"
President Information Corp.	"
Uni-President Cold-Chain Corp.	"
President Chain Store (BVI) Holdings Ltd.	"
PCSC (China) Limited	"
President Transnet Corp.	"
Uni-President Oven Bakery Corp.	"
Ren-Hui Investment Corp.	"
President Collect Services Co. Ltd.	"
Bank Pro E-Service Technology Co., Ltd.	"
Books.com. Co. Ltd.	"
President Yilan Art and Culture Corp.	"
Uni-President Department Store Corp.	"
President Coffee Corp.	Investees of the Company under equity method
Retail Support International Corp.	"
Muji Taiwan Co. Ltd.	"
Uni-President Yellow Hat Corp.	"
President Pharmaceutical Corp.	"
Q-ware Systems & services Corp.	"
Uni-President Development Corp.	"

Name of related parties	Relationship with the company
President Organics, Co.	Investees of the Company under equity method
Mister Donut Taiwan Corp.	"
21 Century Enterprise Co., Ltd.	"
Uni-President Takashimaya Co. Ltd.	(this company has been liquidated in September 2005)
President Chain Store (Labuan) Holdings Ltd.	subsidiary of a subsidiary
PCSC (China) Supermarket Limited	"
PCSC (China) Drugstore Limited	"
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	"
Zhuhai Livzon Drugstore Chain Company Limited	"
Uni-President Oven Bakery (BVI) Corp.	"
Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	"
Philippine Seven Corp.	"
Convenience Distribution Corp.	"
PCSC (Vietnam) Supermarket Ltd.	"
Shan Dong President Yinzuo Commercial Limited	"
PCSC (SICHUAN) Hypermarket Limited	"
Safety Elevator Corp.	"
Mech-President (BVI) Corp.	"
President Jim Corp.	"
Shanghai President Machine Corp.	"
Vision Distribution Service Corp.	"
President Technology Corp.	The Company is a director
Tong-Ho Development Corp.	"
Allianz President Life Insurance Co., Ltd.	"
Retail Support Taiwan Corp.	A subsidiary of Retail Support International Corp.
President Logistics International Corp.	"
Chieh-Shuen Logistics International Corp.	A subsidiary of President Logistics International Corp.
President Coffee (Cayman) Holdings Ltd.	Investee of President Chain Store (BVI) Ltd. Under equity method

(II) Major transactions with related parties

1. Other operating incomes – marketing bonuses

	January 1 to March 31, 2006		January 1 to March 31, 2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Retail Support International Corp.	\$ 48,367	13	\$35,799	11
Others	9,038	2	16,656	5
	<u>\$ 57,045</u>	<u>15</u>	<u>52,455</u>	<u>16</u>

2. Purchase (net of purchase incentive bonuses)

	January 1 to June 30, 2006		January 1 to June 30, 2005	
	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.	\$10,190,177	63	\$ 9,220,683	65
Uni-President Cold-Chain Corp.	3,290,421	21	2,822,288	20
Wisdom Distribution Service Corp.	1,320,329	8	1,017,158	7
Uni-President Enterprises Corp.	334,914	2	209,585	1
others	263,861	2	247,501	3
	<u>\$15,399,702</u>	<u>96</u>	<u>\$ 13,517,215</u>	<u>96</u>

- (1) The aforementioned sales and purchases have been made under regular prices and the percentage and collection of incentive bonus for purchases are the same except for Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp..
- (2) The purchases 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 with the exception of the purchase of duty free items from Uni-President Cold-Chain Corp., and others are made with the aforementioned companies in accordance with their internal procedures. The aforementioned cost of purchase is based on the negotiated prices on the merchandise and items plus a commission in the payment.

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

	<u>January 1 to March 31, 2006</u>		<u>January 1 to March 31, 2005</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.	\$ 50,592	61	\$ 28,723	51
Retail Support International Corp.	22,261	27	21,434	38
Others	9,447	12	5,998	11
	<u>\$ 82,300</u>	<u>100</u>	<u>\$ 56,155</u>	<u>100</u>

4. Operating expenses

	<u>January 1 to March 31, 2006</u>		<u>January 1 to March 31, 2005</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
(1) <u>Cleaning fees</u>				
Duskin Serve Taiwan Co.	\$ 5,646	21	\$ 8,860	30
(2) <u>Items for stores (recognized as packing and other fees)</u>				
Retail Support International Corp.	\$ 46,076	49	\$ 43,460	48
(3) <u>Stocktaking fees for the stores</u>				
Capital Inventory Services Corp.	\$ 33,234	100	\$ 28,342	100
(4) <u>Electronic ordering system processing fees</u>				
President <u>Information</u> Corp.	\$ 121,691	63	\$ 101,217	62

5. Non-operating incomes

(1) Subsidy to electronic online ordering system processing fees

(recognized as non-operating incomes and benefits – miscellaneous incomes)

	<u>January 1 to March 31, 2006</u>		<u>January 1 to March 31, 2005</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
Retail Support International Corp.	\$ 47,435	65	\$ 36,184	62
Uni-President Cold-Chain Corp.	21,327	29	14,506	25
Others	3,007	5	1,712	2
	<u>\$ 71,769</u>	<u>99</u>	<u>\$ 52,402</u>	<u>89</u>

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

	<u>January 1 to March 31, 2006</u>	<u>January 1 to March 31, 2005</u>
	President Coffee Corp.etc.	<u>\$ 15,389</u>

6. Receivables (payables to) from related parties

	<u>March 31, 2006</u>		<u>March 31, 2005</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
<u>Other Receivables</u>				
Uni-President Enterprises Corp.	\$ 13,664	4	\$ 9,637	3
Retail Support International Corp.	7,146	2	2,162	1
Others	19,165	6	27,527	8
	<u>\$ 39,975</u>	<u>12</u>	<u>\$ 39,326</u>	<u>12</u>

	March 31, 2006		March 31, 2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
<u>Prepayment for purchase</u>				
Retail Support International Corp.	\$ 66,500	7	\$ 66,500	9
<u>Note and account payables</u>				
Retail Support International Corp.	\$ 3,037,485	50	\$ 3,272,553	57
Uni-President Cold-Chain Corp.	1,176,017	19	1,008,279	18
Wisdom Distribution Service Corp.	703,155	12	669,333	12
Uni-President Enterprises Corp.	127,467	2	81,801	1
Others	137,521	3	119,131	2
	<u>\$ 5,181,645</u>	<u>86</u>	<u>\$ 5,151,097</u>	<u>90</u>
<u>Accrued expenses</u>				
Retail Support International Corp.	\$ 27,859	2	\$ 49,246	4
President Information Corp.	87,887	6	26,250	2
Others	74,279	4	49,401	3
	<u>\$ 190,025</u>	<u>12</u>	<u>\$ 124,897</u>	<u>9</u>

7. Loan – to related party (booked in the “Other accounts receivable” account)

Borrowers	Date of transaction	January 1 to March 31, 2006			
		Maximum balance		Interest rate	Interest income
		Amount	Balance at ending of period		
21 Century Enterprise Co., Ltd.	2006. 01~ 2006. 02	\$ 5,000	\$ -	2.51%~2.52%	\$ 19
Borrowers	Date of transaction	January 1 to March 31, 2005			
		Maximum balance		Interest rate	Interest income
		Amount	Balance at ending of period		
Retail Support Taiwan Corp.	2005. 01~ 2005. 03	\$ 30,000	\$ 30,000	2.34%~2.45%	\$ 178

8. Guarantee

The Company has acted as guarantor in favor of the following related parties as of March 31 2006:

Retail Support International Corp.	\$	450,000
President Drugstore Business Corp.		235,000
President Yilan Art and Culture Corp.		65,000
President Information Corp.		8,000
	\$	<u>758,000</u>
Mech-President Corp.	USD	<u>1,000,000</u>
Philippine Seven Corp.	USD	4,000,000
	PHP	<u>180,000,000</u>

9. Commitment

- (1) The Company has entered into an agreement with President Information Corp. on the maintenance of application software. Under this agreement, President Information Corp. shall provide services for the Company and all business locations on system operation and system maintenance of all electronic ordering systems. The contract sum amounted to \$495,542 and the contract shall expire in October 2008. As of March 31, 2006, the Company has payables of \$377,146 to President Information Corp.
- (2) The Company has leased out a portion of the headquarters building to affiliates and subsidiaries for business and as office space with lease terms ranging from 3 to 5 years. The collection of rents is based on the terms and conditions specified in respective lease agreements. As of March 31, 2006, the Company has the following projected rental incomes:

<u>Lease term</u>	<u>Total rents</u>
April 1 to December 31, 2006.	\$ 10,478
2007	13,970
2008	7,662
2009	6,401
2010	3,424
	<u>\$ 41,935</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 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 has offered a portion of the shopping arcade located at the President International Building (stated under the titles of "Assets for lease") for leasing to an unrelated party. The term of the lease became effective on June 15, 2005 and covers a period of 18 years and 6.5 months. The rent is charged at a specific percentage of the sales of such party.

- (III) The Company and Uni-President Enterprises Corp have entered into a construction engineering agreement with Ta Chen Construction & Engineering Corp. for appointing the latter to build a research center building for donation to National Cheng Kung University. The contract sum amounted to \$230,000 (tax included), and shall be paid for by the Company and Uni-President Enterprises Corp in equal halves. The Company estimated an amount of \$18,494 payable for construction in the 1st Quarter of 2006 under the account title of “spending on donations”. As of March 31, 2006, the Company has recognized accumulated donations amounting to \$38,620.
- (IV) The Company has leased spaces from unrelated parties for business under relevant lease agreements with terms ranging from 3 years to 12 years. As of March 31, 2006, the Company has prepaid rents and refundable deposits amounting to \$604,657 and \$885,402 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>
April 1 to December 31, 2006.	\$ 3,163,399
2007	4,112,705
2008	3,821,949
2009	3,322,291
2010 and beyond	8,217,070
	<u>\$ 22,637,414</u>

VIII. Losses from major accidents

None.

IX. Subsequent events

None.

X. Miscellaneous

(I) Presentation in financial statements

Some subtitles of major account titles used in the financial statements for the 1st Quarter of 2005 have been reclassified. They are compared with the financial statements for the 1st Quarter of, 2006.

(II) Information on fair value

	March 31, 2006		
	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	\$1,962,400	Note	Note
Financial instruments held for trading	81,370	\$ 81,370	-
Financial instruments carried at cost	11,970,282	-	-
Financial instruments available for disposals	395,937	395,937	-
Investments in bonds with no public quotations	60,000	-	-
Refundable deposits	888,552	-	795,197
Liabilities			
Financial liabilities whose book values are equal to fair values	11,634,230	Note	Note
Corporate Bond Payable	2,200,000	\$ -	\$ 2,200,000
Long-term loan	500,000	-	500,000
Guarantee deposit received	1,419,744	-	1,290,600
March 31, 2005			
	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	\$1,739,592	Note	Note
Financial instruments held for trading	783,322	\$ 783,202	\$ -
Financial instruments available for disposals	17,042,284	-	-
Financial instruments carried at cost	140,534	520,584	-
Investments in bonds with no public quotations	100,000	-	-
Refundable deposits	838,499	-	764,105
Liabilities			
Financial liabilities whose book values are equal to fair value	10,573,759	Note	Note
Corporate Bond Payable	2,200,000	\$ -	\$ 2,200,000
Long-term loan	3,200,000	-	3,200,000
Guarantee deposit received	1,186,700	-	1,076,021

Note: The carrying values of short-term financial instruments as stated in the balance sheet have been adopted as their fair value, as the discounted values of such instruments are insignificant. These are the amounts determined not by open quotations or estimation. This method is applicable to cash and cash equivalent, notes and account receivables, other receivables, note and account payables, income tax payables, payables and other payables.

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

The fair value of refundable deposit, corporate bond payable, long-term loan, and guarantee deposit received is discounted according to Cash Flow Method.

(III) Management of Financial Risks and Hedge policy

1. The risk management policy adopted by the Company aims at hedging off operational risks. To this end, the Company deals with derivatives for covering financial exposure. The selection of specific instruments shall be able to hedge off the risks in interest expenses, assets and liabilities deriving from operations.
2. The Finance Department of the Company is responsible for the supervision and control of derivatives. In practice, this department shall monitor the exposure resulting 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 to the board. The department also evaluates the performance of the derivatives regularly to ensure their conformity to company policy in operations and the risks so assumed are within the toleration threshold of the Company.

(IX) Information on primary financial risks

1. Equity investment

<u>Item</u>	<u>March 31, 2006</u>
Financial assets in which changes in fair value are recognized as gains or losses	\$ 81,370
Financial instruments (assets) available for disposals	<u>\$ 395,937</u>
Financial instruments (assets) carried at cost	<u>\$ 11,970,282</u>

(1) Market Risk

Financial instruments for which changes in fair value are recognized as gains and losses and financial instruments available for disposal invested by the Company are stocks issued by listed companies and they are under the influence of market price fluctuation. Financial instruments invested by the Company and carried at cost have no open quotation in the centralized market. Therefore, there is no anticipated major market risk.

(2) Credit Risk

The orders for financial instruments for which changes in fair value are recognized as gains and losses and financial instruments available for disposal invested by the Company are placed via the centralized market and the counterparties are of good credit standing. As such, there is no anticipated breach of contract by counterparties. Further, counterparties of investments in financial instruments carried at cost have been subject to evaluation on their credit standing. Therefore, there is also no anticipated major credit risk.

(3) Liquidity Risk

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.

Financial instruments invested by the Company and carried at cost have no open quotation in the centralized market. Therefore, there is no anticipated major liquidity risk.

(4) Cash Flow Risks deriving from interest rate fluctuation

Equity class financial instruments invested by the Company are not interest bearing instruments and there will be no cash flow risk deriving from interest rate fluctuation.

2. Bond class financial instrument liabilities

<u>Item</u>	<u>March 31, 2006</u>
Outstanding bonds	\$ 2,200,000

(1) Market risk

The secured bonds issued by the Company are bearing fixed rate and floating rate. For bonds bearing floating interest rate, the Company has undertaken IRS contracts for hedging off interest risk deriving from interest rate fluctuation in the market. Therefore, there is no anticipated major market risk.

(2) Credit risk

There is no credit risk.

(3) Liquidity risk

The Company has sufficient working capital to cover capital needs. As such, there is no anticipated major liquidity risk.

(4) Cash Flow Risks deriving from interest rate fluctuation

For bonds bearing fixed rate, there is no cash flow risk deriving from interest rate fluctuation. For bonds bearing floating rate, any fluctuation of interest rate in the market affects corresponding fluctuation of the effective rate applicable to the bonds issued by the Company. As such, cash flow fluctuation is anticipated. However, the Company has undertaken IRS contract for hedging off such risk deriving from interest rate fluctuation.

3. Payables

<u>Item</u>	<u>March 31, 2006</u>
Note payables	\$ 1,017,667
Account payables	\$ 5,023,298

- (1) Market risk
All payables of the company are current, and therefore there is no anticipated market risk.
- (2) Credit risk
There is no credit risk.
- (3) Liquidity risk
All payables of the company are current, and the Company has sufficient working capital to cover all capital needs. Therefore, there is no anticipated major liquidity risk.
- (4) Cash Flow Risks deriving from interest rate fluctuation
There is no cash flow risk deriving from interest rate fluctuation.

4. Loans

<u>Item</u>	<u>March 31,2006</u>
Long-Term loan	\$ 500,000

- (1) Market risk
The loans of President Chain Store Corp. are a liability with fixed interest rate and without significant market risk expected.
- (2) Credit risk
There is no credit risk.
- (3) Liquidity risk
The loans of President Chain Store Corp. are a revolving quota and the working capital of President Chain Store Corp. is sufficient to fulfill fund demand without significant liquidity risk expected.
- (4) Cash Flow Risks deriving from interest rate fluctuation
The loan interest of President Chain Store Corp. is accrued at a fixed interest rate; therefore, it is free of cash flow risk from interest rate fluctuation

7. Derivatives

The Company has entered into IRS contracts with ABN-AMRO for hedging off risks to its corporate bonds deriving from interest rate fluctuation. Within the term of the contract, the bank charges interest from the Company at 4% less LIBOR rate for 6 months or 4% less the interest for promissory note of 180 days on the basis of every six months. Fixed interest rate at 1.46% will be paid out. The nominal principals and fair value are shown as follows:

	<u>March 31,2006</u>		<u>March 31,2005</u>	
	<u>Nominal principal</u>	<u>Fair Value</u>	<u>Nominal principal</u>	<u>Fair Value</u>
Interest rate swap (IRS)	\$ 700,000	(\$ 24,777)	\$ 700,000	\$ 26,496

(1) Market risk

The IRS contracts secured by the Company are for hedges only. Therefore, gains or losses resulting from interest rate fluctuation in the market will by and large be offset by the hedges of the contract and therefore no significant market risk in terms of price is anticipated.

(2) Credit risk

The Company deals with international financial institutions in good standing. Therefore, breach of contract by counterparties is unlikely and the possibility of credit risk is low.

(3) Liquidity risk

Interest rate applicable to the IRS contracts secured by the Company is determined and the Company has sufficient working capital to meet related capital needs. Therefore, there is no anticipated major liquidity risk.

(4) Cash Flow Risks deriving from interest rate fluctuation

The kind of IRS contracts the Company deals with is instruments bearing floating rate and fixed interest payment. Therefore, there is no anticipated cash flow risk deriving from interest rate fluctuation.

(Blank hereunder)

XI. Disclosures

(I) Information on major transactions

Disclosure on major transactions of the Company in the period 1st Quarter of 2006 is specified as follows:

1. Loans to third parties

<u>Lenders</u>	<u>Borrowers</u>	<u>Account titles</u>	<u>Maximum balance in current period</u>	<u>Balance at ending</u>	<u>Interest range</u>	<u>Nature of loans</u>	<u>Amount of business transactions</u>	<u>Reasons necessary for offering short-term loans</u>	<u>Allowance for doubtful accounts</u>	<u>Collaterals</u>		<u>Limit of loans to particular borrower (Note 2)</u>	<u>Limit of total loans (Note 2)</u>
										<u>Name</u>	<u>Value</u>		
President Chain Store Corporation	21 Century Enterprise Co., Ltd.	Other receivables	\$ 5,000	\$ -	2.51% ~ 2.52%	Note 1	\$ -	Working capital	\$ -	- \$	- \$	50,000	\$ 6,428,097

Note 1: Necessary for granting short-term loans.

Note 2: The Company limits its loans to external parties at 40% of its net worth. For particular enterprise which is a business partner to the Company, maximum loans may be up to NT\$100,000 or the total amount of business transaction, whichever is lower. Short-term loan to particular enterprise for necessity is up to NT\$50,000.

2. Act as guarantor in favor of a third party

<u>Name of Guarantor</u>	<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>Company Name</u>	<u>Affiliation</u>						
President Chain Store Corporation	President Transnet Corp.	subsidiary	\$ 3,214,049	\$ 200,000	\$ -	None	-	\$ 8,035,122
	President Drugstore Business Corp.	subsidiary	3,214,049	235,000	235,000	None	1.46%	8,035,122
	Retail Support International Corp.	business relation	3,214,049	450,000	450,000	None	2.80%	8,035,122
	President Information Corp.	subsidiary	3,214,049	8,000	8,000	None	0.05%	8,035,122
	President Yilan Art and Culture Corp.	subsidiary	3,214,049	65,000	65,000	None	0.40%	8,035,122
	Mech-President Corp.	subsidiary	3,214,049 USD	1,000,000 USD	1,000,000	None	0.20%	8,035,122
	Philippine Seven Corp.	subsidiary of a subsidiary	3,214,049 USD	4,000,000 USD	4,000,000	None	1.52%	8,035,122
				PHP 260,000,000	PHP 180,000,000			

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

3. Holding of marketable securities at ending

<u>Holder of securities</u>	<u>Types and names of securities</u>	<u>Affiliation with security issuers</u>	<u>Account titles</u>	<u>Quantity of shares /units at ending</u>	<u>Book value</u>	<u>Proportion of shareholding</u>	<u>Market price</u>	<u>Remarks</u>
President Chain Store Corporation	Ton Yi Industrial Corp.	None	Financial instruments which changes in fair values are recognized as gains or losses -current	skipped	\$ 91,661	-	\$ 81,370	
			Less:Trade-oriented financial assets valuation adjustment		(10,291)			
					\$ 81,370			
	President Chain Store (BVI) Holdings Ltd	Investees of the Company under equity method.	Long-term investments under equity method	46,405,458	\$ 1,172,842	100.00%	\$ 1,156,813	
	Ren-Hui Investment Corp.	"	"	85,303,733	856,887	100.00%	856,870	
	Mech-President Corp.	"	"	37,331,360	411,516	62.95%	411,520	
	Uni-President Cold-Chain Corp.	"	"	19,563,272	324,127	60.00%	314,880	
	President Drugstore Business Corp.	"	"	28,800,000	355,326	100.00%	372,765	
	President Yilan Art and Culture Corp.	"	"	18,000,000	91,678	90.00%	91,767	
	President Information Corp.	"	"	12,853,212	179,890	56.00%	176,937	
	President Transnet Corp.	"	"	70,000,000	206,648	70.00%	204,169	
	Wisdom Distribution Service Corp.	"	"	9,432,540	173,806	100.00%	175,647	
	PCSC (China) Limited	"	"	14,322,000	372,224	100.00%	367,668	
	Uni-President Development Corp.	"	"	20,000,000	182,783	20.00%	183,085	
	Mister Donut Taiwan Corp.	"	"	10,000,000	128,659	50.00%	134,873	
	Uni-President Oven Bakery Corp.	"	"	17,400,000	114,760	60.00%	111,510	
	President Coffee Corp.	"	"	9,313,920	148,905	30.00%	148,999	
	Retail Support International Corp.	"	"	5,000,000	121,079	25.00%	114,650	
	Q-ware Systems & services Corp.	"	"	19,157,720	185,638	22.68%	170,693	
	Muji Taiwan Co. Ltd.etc.	"	"	Skipped	561,869	20.00%	484,589	
						~100.00%		
	President Securities Corp.	-	Financial instruments available for disposal – noncurrent	29,328,669	395,937	2.57%	395,937	
	Presicarre Corp.	-	Financial instruments carried at cost –noncurrent	70,605,016	6,818,528	19.50%	-	
	Toppoly Optoelectronics Corp.	-	"	146,448,927	1,609,16	4.19%	-	
	Tong-Jen Development Corp.	-	"	114,000,000	1,371,500	19.00%	-	
	President International Development Corp.	The Company is a director	"	50,000,000	500,000	3.33%	-	
	New Century Info Comm Co. Ltd.etc.	Skipped	"	Skipped	1,671,094	0.02%	-	
						~19.93%		
					<u>\$ 17,954,856</u>			
	Corporate Bond of Retail Support International Corp.	Investees of the Company under equity method.	Investments in bonds with no open quotations		- \$ 60,000	-	60,000	

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		Other adjustments		At ending			
					Quantity of shares	Amount	Quantity of shares	Amount	Quantity of shares	Amount	Carrying cost	Capital gain	Quantity of shares	Amount	Quantity of shares	Amount
President Chain Store Corporation	Upame James Bond Fund	Note 1	Not applicable	Not applicable	-	\$ -	24,205,164	\$ 360,000	24,205,164	\$ 360,743	\$ 360,000	\$ 743	-	\$ -	-	\$ -
	Jf (Taiwan) First Bond Fund Taiwan	"	"	"	-	-	13,261,105	200,000	13,261,105	200,042	200,000	43	-	-	-	-
	Shinkong Chi-Shin Fund	"	"	"	-	-	10,589,631	150,000	10,589,631	150,028	150,000	28	-	-	-	-
	ABN AMRO SELECT BOND FUND	"	"	"	-	-	35,264,252	395,000	35,264,252	395,127	395,000	127	-	-	-	-
	Mega Diamond Bond Fund	"	"	"	-	-	51,852,175	590,000	51,852,175	590,165	590,000	165	-	-	-	-
	Prudential Financial Bond Fund	"	"	"	-	-	48,459,597	700,000	48,459,597	700,180	700,000	180	-	-	-	-
	Fuh-Hwa Global Bond Fund	"	"	"	-	-	11,376,996	150,000	11,376,996	150,044	150,000	44	-	-	-	-

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

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

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

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

Buyer/seller	Counterparties	Affiliations	Purchase (sales)	Status of trade		Credit term	Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remark
				Amount	Percentage to total purchase (sales)		Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)	
President Chain Store Corporation	Retail Support International Corp.	Investees of the Company under equity method	Purchase \$	10,190,177	63	O/A settlement from 10~80 days	Note	No significant difference	\$ 3,037,485	50	
	Uni-President Cold-Chain Corp.	Subsidiary	"	3,290,421	21	O/A settlement from 15~30 days	"	"	1,176,017	19	
	Wisdom Distribution Service Corp.	"	"	1,320,329	8	O/A settlement from 20~35 days	"	"	703,155	12	
	Uni-President Enterprises Corp.	Investing company that has President Chain Store Corp. valued with Equity Method	"	334,914	2	O/A settlement from 30~45 days	No significant difference	"	127,467	2	
	President Transnet Corp.	Subsidiary	Cost of operation	182,754	1	O/A settlement 15 days	The cost of home delivery, not applicable here	"	52,538	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.

9. Derivative trade: Note X (3)

(II) Information on Investees

1. Information on investees:

Investor name	Name	Investees		Initial amount of investments		Holding at ending			Recognized return on (loss from) investment			Remark
		Location	Major business activities	End of current period	End of previous period	Quantity of shares	Proportion	Book value	Income status of investees	by company		
President Chain Store Corporation	President Chain Store (BVI) Holdings Ltd.	BVI	Professional investments	\$ 1,520,766	\$ 1,520,766	46,405,458	100.00%	\$ 1,172,842	(\$ 9,491)	(\$ 7,517)		Subsidiary
	Ren-hui Investment Corp.	Taipei	Professional investments	853,037	853,037	85,303,733	100.00%	856,887	5,272	5,272		"
	Mech-president corp.	Tainan	Gasoline stations, cables	364,683	364,683	37,331,360	62.95%	411,516	7,968	5,013		"
	Uni-president Cold-chain Corp.	Tainan	Frozen foods, low-temperature logistics	237,437	237,437	19,563,272	60.00%	324,127	2,927	1,910		"
	President Drugstore Business Corp.	Taipei	Retailing of medicines and daily items	396,000	396,000	28,800,000	100.00%	355,326	6,868	6,421		"
	President Yilan Art and Culture Corp.	Yilan	Art and cultural exhibition	180,000	180,000	18,000,000	90.00%	91,678	(9,561)	(8,605)		"
	President Information Corp.	Taipei	Business management consulting services	93,348	135,956	12,853,212	56.00%	179,890	20,424	11,997		"
	President Transnet Corp.	Taipei county	Foods and utensils retailing and shipping	711,576	711,576	70,000,000	70.00%	206,648	30,480	18,652		"
	Wisdom Distribution Service Corp.	Taipei	Magazine delivery	50,000	50,000	9,432,540	100.00%	173,806	16,678	16,465		"
	PCSC (China) Limited	BVI	Professional investments	468,060	68,832	14,322,000	100.00%	372,224	(10,558)	(10,592)		"
	Uni-president Development Corp.	Taipei	Construction of transportation depots	200,000	100,000	20,000,000	20.00%	182,783	(10,460)	(2,383)		Note 1
	Mister Donut Taiwan Corp.	Taipei	Bakery	100,000	100,000	10,000,000	50.00%	128,659	23,351	11,677		"
	Uni-president Oven Bakery corp.	Taipei	Bread and pastry retailer	221,700	221,700	17,400,000	60.00%	114,760	(6,894)	(4,029)		Subsidiary
	President Coffee Corp.	Taipei	Coffee and accessories trade	59,400	59,400	9,313,920	30.00%	148,905	25,053	7,422		Note 1
	Retail Support International Corp.	Chungli	Room-temperature food logistics	91,414	91,414	5,000,000	25.00%	121,079	33,305	8,386		"
	Q-ware Systems & Services Corp.	Taipei	Internet service provider	191,577	-	19,157,720	22.68%	185,638	(23,666)	(5,344)		"
Muji Taiwan co. Ltd.	-	-	808,790	1,099,624	Skipped	20.00% ~100%	561,869	Skipped	14,834		Note 2	
Retail Support International Corp.etc.	President Logistics International Corp.etc.	-	-	668,712	407,290	Skipped	6.00% ~100%	546,393	Skipped	Not applicable	-	

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

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

<u>Investor name</u>	<u>Name</u>	<u>Investees</u>		<u>Initial amount of investments</u>				<u>Holding at ending</u>				<u>Recognized return on (loss from) investment by company</u>	<u>Remark</u>
		<u>Location</u>	<u>Major business activities</u>	<u>End of current period</u>	<u>End of previous period</u>	<u>Quantity of shares</u>	<u>Proportion</u>	<u>Book value</u>	<u>Income status of investees</u>				
President Chain Store (BVI) Holdings Ltd.	President Coffee (Cayman) Holdings Ltd.	Cayman Islands	Professional investments	USD 1,800,000	USD 1,800,000	1,800,000	30.00%	USD 2,555,000	USD 444,000		Not applicable	Note	
	President Chain Store (Labuan) Holdings Ltd.	Labuan	Professional investments	USD 20,684,000	USD 20,684,000	20,684,321	100.00%	USD 12,703,000	(USD 492,000)		"	subsidiary of a subsidiary	
	Presiclerc Limited	BVI	Professional investments	USD 10,837,000	USD 8,620,000	10,594,600	48.21%	USD 684,000	(USD 853,000)		"	Note	
	T&T Supermarket Inc.	Canada	Food and household goods retailing	CAD 12,000,000	CAD 12,000,000	200	20.00%	CAD 5,368,000	CAD 2,502,000		"	"	
	PCSC (Vietnam) Supermarket Limited	Vietnam	Food and household goods retailing	USD 461,000	USD 461,000	-	51.00%	USD 496,000	VND 719,495,000		"	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 12,692,000	(PHP 18,802,000)		"	"	
Philippine Seven Corp.	Convenience Distribution Inc.	Philippines	-	PHP 87,742,000	PHP 87,742,000	-	40.00% ~100.00%	PHP 89,995,000	Skipped		"	Skipped	
PCSC (China) Limited	PCSC (China) Drugstore Limited	BVI	Professional investments	USD 14,272,000	USD 2,100,000	-	100.00%	USD 11,280,000	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 1,965,000	-	65.00%	USD 2,786,000	(RMB 2,560,000)		"	"	
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Zhuhai Livzon Drugstore Chain Company Limited	China	Medicine retailing	RMB 4,200,000	-	-	100.00%	RMB -	RMB 400,000		"	"	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	China	Wholesaling and retailing of goods	USD 10,278,000	-	-	55.00% ~100.00%	USD 8,435,000	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	Interest range	Nature of loans	Amount of business transactions	Reasons necessary for offering short-term loans	Allowance for doubtful accounts	Collateral		Limit of loans to particular borrower (Note 2)	Limit of total loans (Note 2)
										Name	Value		
Philippine Seven Corp.	Convenience Distribution Inc.	Other receivables	PHP 17,500,000	-	10%	Note 1	-	working capital	\$ -	-	\$ -	Note 2	Note 2
Store Sites Holdings Inc.	Convenience Distribution Inc.	Other receivables	PHP 9,000,000	PHP 9,000,000	10%	Note 1	-	working capital	-	-	-	Note 3	Note 3

Note 1: Necessary for granting short-term loans.

Note 2: The Company limits its loans to external parties at 40% of its net worth. Short-term loan to particular enterprise for necessity is up to PHP 50million

Note 3: The Company limits its loans to external parties at 40% of its net worth. Short-term loan to particular enterprise for necessity is up to PHP 10million

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

Name of Guarantor	Company Name	Affiliation	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)
President Information Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	Note	\$ 2,000	\$ 2,000	\$ -	0.68%	Note
Mech-President Corp.	President Jing Corp.	Subsidiary	Note	21,700	-	-	-	Note

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

(3) Holding of marketable securities at ending:

<u>Holder of securities</u>	<u>Types and names of securities</u>	<u>Affiliation with security issuers</u>	<u>Account titles</u>	<u>Quantity of shares at ending</u>	<u>Book value</u>	<u>Proportion of shareholding</u>	<u>Market price</u>	<u>Remarks</u>
Retail Support International Corp.	UPAMC JAMES BOND Fund etc.		Financial instruments which changes in fair values are recognized as gains or losses -current	-	\$ 150,882	-	\$ 150,915	
President Coffee Corp.	Fuh-Hwa Bond Fund	-	"	-	242,100	-	242,259	
Wisdom Distribution Service Corp.	UPAMC HOME RUN BOND Fund	-	"	-	133,000	-	133,275	
Vision Distribution Service Corp.	JIH SUN BOND FUND		"	-	106,500	-	102,531	
President Direct Marketing Corp.	Cathay Bond Fund	-	"	-	518,899	-	520,334	
President Jing Corp.	Ta Chong Bond Fund	-	Financial instruments available for disposal – current	-	1,000,000	-	1,000,000	
Ren-Hui Investment Corp.	Toppoly Optoelectronics Corp.	-	Financial instruments carried at cost –noncurrent	62,800,000	690,037	-	690,037	
Retail Support Taiwan Corp.etc.	President Logistics International Corp.etc.	-	"	-	5,867	-	5,867	
Retail Support International Corp.	Retail Support Taiwan Corp.etc.	-	Long-term investments under equity method	-	125,506	-	124,874	
Wisdom Distribution Service Corp.etc.	President Logistics International Corp.etc.	-	"	-	383,453	-	384,069	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.etc.	-	"	-	USD 26,124,000	-	USD 30,584,000	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	subsidiary	"	134,257,625	USD 12,692,000	-	USD 338,154,000	
Philippine Seven Corp.	Convenience Distribution Inc.etc.	-	"	-	PHP 89,995,000	-	PHP 95,995,000	
PCSC (China) Limited	PCSC (China) Drugstore Limited etc.	subsidiary	"	-	USD 11,280,000	-	USD 11,280,000	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	subsidiary	"	-	USD 2,786,000	-	RMB 25,685,000	
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Zhuhai Livzon Drugstore Chain Company Limited	subsidiary	"	-	-	-	(RMB 883,000)	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited etc.	subsidiary	"	-	USD 8,435,000	-	RMB 59,808,000	

(4) The amount of the same security cumulatively bought or sold exceeding NT\$100 million or 20% of the paid-in capital :

Name of <u>buyer, seller</u>	Types and names <u>of securities</u>	Account <u>titles</u>	Counter <u>parties</u>	<u>Affiliation</u>	<u>At beginning</u>		<u>Bought</u>		Quantity <u>of shares</u>	<u>Sold</u>		Capital <u>gain</u>	<u>At ending</u>	
					Quantity <u>of shares</u>	<u>Amount</u>	Quantity <u>of shares</u>	<u>Amount</u>		Quantity <u>of shares</u>	<u>Amount</u>		Quantity <u>of shares</u>	<u>Amount</u>
Retail Support International Corp.	UPAMC James Bond Fund	Note	Not applicable	Not applicable	1,391,323	\$ 21,184	25,532,719	\$ 389,554	23,835,324	\$ 363,694	\$ 363,557	\$ 137	3,088,718	\$47,181
	NITC Bond Fund	"	"	"	-	-	3,763,408	611,907	3,126,417	508,420	508,205	215	636,991	103,702
Wisdom Distribution Service Corp.	ABN AMRO BOND FUND	"	"	"	3,642,659	54,000	24,525,010	365,000	26,823,099	399,478	399,000	478	1,344,570	20,000
	JIH SUN BOND FUND	"	"	"	4,760,199	64,000	30,548,932	412,000	30,928,546	417,241	417,000	241	4,380,585	59,000
President Information Corp.		"	"	"	1,934,122	29,388	5,051,841	77,006	6,942,327	105,850	105,728	122	43,636	666
Mech-President Corp.	Union Bond Fund	"	"	"	-	-	10,821,920	130,000	10,821,920	130,033	130,000	33	-	-
	Treasury Bond	"	"	"	-	-	-	350,000	-	310,078	310,000	78	-	40,000

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

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

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

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

Buyer/seller	Counterparties	Affiliations	Status of trade			Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remark	
			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	Investor of this company under the equity method	Purchase	\$ 861,506	29%	O/A settlement from 30~45 days	No significant difference	No significant difference	(\$ 754,825)	(48%)	
	President Musashino Corp.	A subsidiary of Uni-President Enterprises Corp	"	248,995	16%	O/A settlement from 25~30 days	"	"	(92,860)	(6%)	
	President Chain Store Corp.	Parent	sales	3,333,416	99%	O/A settlement from 15~30 days	"	"	1,217,403	98%	
Retail Support International Corp.	President Chain Store Corp.	Investor of this company under the equity method	"	10,160,693	93%	O/A settlement from 10~80 days	"	"	3,012,252	85%	
	Uni-President Enterprises Corp.	Investor of this company under the equity method	Purchase	275,549	3%	O/A settlement from 20~40 days	"	"	(118,854)	(3%)	
	Lien Bo Enterprises	Affiliate	"	216,462	2%	O/A settlement from 20~70 days	"	"	(122,332)	(3%)	
	Tung Ang Enterprise Corp.	Affiliate	"	437,687	4%	O/A settlement 30 days	"	"	(175,260)	(4%)	
	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	sales	592,841	-	O/A settlement 50 days	"	"	433,294	12%	
President Information Corp.	President Chain Store Corp.	Parent	Service income	122,819	81%	O/A settlement 30 days	"	"	90,430	82%	
President Transnet Corp.	President Chain Store Corp.	Parent	sales	182,754	23%	O/A settlement 15 days	"	"	52,538	17%	
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent	"	1,329,478	96%	O/A settlement from 20~35 days	"	"	728,643	96%	
President Drugstore Business Corp.	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method	Purchase	710,591	98%	O/A settlement 50 days	"	"	(419,817)	(98%)	

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

<u>Company of receivables on book</u>	<u>Counterparties</u>	<u>Affiliation</u>	Balance of Receivables <u>With Related Party</u>	Turnover <u>Rate</u>	<u>Overdue Receivables with Related Parties</u>		Receivables with Related <u>Party After Period Collection</u>	Allowance for <u>doubtful accounts</u>
					<u>Amount</u>	<u>Processing by</u>		
Uni-President Cold-Chain Corp.	President Chain Store Corp.	Parent	\$ 1,237,007	3	\$ -	-	\$ 1,216,397	\$ -
Retail Support International Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	433,294	2	-	-	376,761	-
	President Chain Store Corp.	Investor of this company under the equity method	3,012,252	3	-	-	2,892,843	-
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent	728,643	2	-	-	728,643	-

(9) Trading of Derivative Products: None.

(III) Information on investments in China

1. Basic information on direct investments in China

Names of investees in Mainland China	Main Operations	Paid-up Capital	Investment Method	Amount remitted from Taiwan in accumulation at the beginning of the present term	Investment Remittance or Regain during the fiscal Year		Amount remitted from Taiwan in accumulation at the end of the present term	The Company's Direct or Indirect Investment Holding Ratio	Investment Profit or Loss for Current Period (Note 5)	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term
					Remittance	Regain					
Shanghai President Coffee Corp.	Coffee and accessories trade	USD 4,000,000	Invested through the third region (Note 1)	USD 2,000,000	-	-	USD 2,000,000	30%	USD 174,000	USD 2,844,000	-
Presiclerc(Shautou) Ltd.	Food processing, packing and sales	USD 5,200,000	Invested through the third region (Note 2)	USD 2,470,000	-	-	USD 2,470,000	48.21%	(USD 91,000)	(USD 964,000)	-
Presiclerc(Qingdao) Ltd.	Food processing, packing and sales	USD 5,000,000	Invested through the third region (Note 2)	USD 2,185,000	-	-	USD 2,185,000	48.21%	(USD 186,000)	(USD 1,345,000)	-
Presiclerc(Beijing) Ltd.	Food processing, packing and sales	USD 4,238,000	Invested through the third region (Note 2)	USD -	-	-	USD -	36.4%	(USD 119,000)	(USD 123,000)	-
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Household goods retailing	RMB 50,000,000	Invested through the third region (Note 3)	USD 3,932,000	-	-	USD 3,932,000	65%	(USD 204,000)	USD 786,000	-
Shan Dong President Yinzuo Commercial Limited	Wholesaling and retailing of goods	RMB 60,000,000	Invested through the third region (Note 4)	USD 4,078,000	-	-	USD 4,078,000	55%	USD 351,000	USD 4,104,000	-
PCSC (SICHUAN) Hypermarket Limited	Wholesaling and retailing of goods	RMB 50,000,000	Invested through the third region (Note 4)	USD 6,200,000	-	-	USD 6,200,000	100%	(USD 473,000)	USD 4,331,000	-

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 20,865,000	USD 23,928,000	NTD	4,714,049

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

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

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

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

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

2. Information on major transactions, prices, terms and conditions of payment, unrealized gains/losses of investees in China directly and indirectly held by the Company via a third country and information helpful for understanding the effect of investment in China on the presentation of the financial statements.
 - (1) Amount and percentage of purchase made and the balances of related payables at the ending of period and percentage: None.
 - (2) Amount and percentage of sales and the balances of related receivables at the ending of period and percentage: None.
 - (3) Amount of asset trade and the resulting gains and losses: None.
 - (4) Balances of guarantee or collaterals pledged at ending of period and the purposes: None.
 - (5) Upper limit of loans, balance at ending of period, interest range and total interests: None.
 - (6) Other gains and losses or significant financial issues in current period: None.

XII. Financial information by department

Not applicable

(Blank hereunder)